NEW ISSUE—BOOK-ENTRY ONLY **RATING: S&P: "AA-"**

See the caption "CONCLUDING INFORMATION—Rating"

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency ("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 Series 2017 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 Series 2017 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 Series 2017 Bonds. See the caption "TAX MATTERS."

$38,045,000
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY
SUBORDINATE TAX ALLOCATION REFUNDING BONDS SERIES 2017

Dated: Delivery Date **Due: August 1, as shown on the inside front cover page**

The Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley, Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "Series 2017 Bonds") will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in integral multiples of $5,000 under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Series 2017 Bonds. The principal of and interest (which interest is due February 1 and August 1 of each year, commencing February 1, 2018) on the Series 2017 Bonds will be payable by Wells Fargo Bank, National Association, as trustee (the "Trustee"), to DTC for subsequent disbursement to DTC Participants, so long as DTC or its nominee remains the registered owner of the Series 2017 Bonds. See the caption "THE SERIES 2017 BONDS—Book-Entry System."

The Series 2017 Bonds are being issued pursuant to the Indenture of Trust, dated as of September 1, 2017 (the "Indenture"), by and between the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (the "Agency") and the Trustee: (i) to currently refund certain obligations of the Community Redevelopment Agency of the City of Moreno Valley (the "Former Agency") currently outstanding in the aggregate principal amount of $40,855,000, as described under the caption "REFUNDING PLAN"; (ii) to obtain a debt service reserve policy (the "Reserve Policy") to be issued by Assured Guaranty Municipal Corp. ("AGM") for deposit into a debt service reserve account (the "Reserve Account") for the Series 2017 Bonds; and (iii) to pay certain costs of issuance of the Series 2017 Bonds.

The Series 2017 Bonds are subject to optional redemption prior to maturity. See the caption "THE SERIES 2017 BONDS—Redemption."

The Series 2017 Bonds are secured by the Tax Revenues (as defined herein and in the Indenture) deposited in the Redevelopment Property Tax Trust Fund and payable from amounts on deposit therein after the payment of debt service on certain Senior Bonds (as defined herein and in the Indenture) and after payments of certain County of Riverside administrative costs and payments to certain taxing agencies, as more fully described under the captions "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*." Taxes levied on the property within the Project Area (as defined herein and in the Indenture) on that portion of the taxable valuation over and above the taxable valuation of the base year property tax roll, to the extent that such taxes are in excess of amounts payable with respect to Senior Bonds and certain Pass Through Obligations, constitute Tax Revenues, will be deposited in the Redevelopment Obligation Retirement Fund and will be administered by the Agency and the Trustee in accordance with the Indenture.

This cover page of the Official Statement contains information for quick reference only. It is not a complete summary of the Series 2017 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Attention is hereby directed to certain risk factors more fully described herein.

The Series 2017 Bonds are not a debt of the City of Moreno Valley (the "City"), the State of California (the "State"), or any of its political subdivisions (except the Agency), and neither said City or State, nor any of its political subdivisions (except the Agency), is liable hereon, nor in any event shall the Series 2017 Bonds be payable out of any funds or properties other than those of the Agency. The Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. The principal of and interest on the Series 2017 Bonds are payable solely from the Tax Revenues allocated to the Agency from the Project Area and other funds as set forth in the Indenture.

The Series 2017 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the Agency by the City Attorney and counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Underwriter by its counsel, Nixon Peabody LLP, Los Angeles, California, for AGM by its counsel and for the Trustee by its counsel. It is anticipated that the Series 2017 Bonds will be available for delivery through the facilities of DTC on or about September 13, 2017.

STIFEL

Dated: August 23, 2017

MATURITY SCHEDULE

Base CUSIP† 61685T

$38,045,000
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY
SUBORDINATE TAX ALLOCATION REFUNDING BONDS
SERIES 2017

Maturity Date (August 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP† Suffix*
2025	$1,395,000	4.000%	1.610%	117.626	AA8
2026	2,045,000	5.000	1.800	126.159	AB6
2027	2,145,000	5.000	1.980	126.985	AC4
2028	2,250,000	5.000	2.160	125.150 C	AD2
2029	2,360,000	5.000	2.290	123.845 C	AE0
2030	2,475,000	5.000	2.410	122.654 C	AF7
2031	2,760,000	5.000	2.510	121.672 C	AG5
2032	2,900,000	5.000	2.590	120.893 C	AH3
2033	3,045,000	3.000	3.170	97.889	AJ9
2034	3,135,000	3.000	3.220	97.149	AK6
2035	3,230,000	3.000	3.270	96.363	AL4
2036	3,330,000	3.125	3.300	97.552	AM2
2037	3,435,000	3.125	3.330	97.033	AN0
2038	3,540,000	3.125	3.360	96.491	AP5

C Priced to optional redemption date of August 1, 2027 at par.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP® numbers are provided for convenience of reference only. Neither the Agency nor the Underwriter takes any responsibility for the accuracy of such numbers.

SUCCESSOR AGENCY TO THE
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY
Moreno Valley, California

CITY COUNCIL,
ACTING AS THE GOVERNING BODY OF THE AGENCY

Dr. Yxstian Gutierrez, *Mayor*
Victoria Baca, *Mayor Pro Tem*
Ulises Cabrera
Jeffrey Giba
David Marquez

AGENCY/CITY STAFF

Michelle Dawson, *City Manager*
Martin Koczanowicz, *City Attorney*
Pat Jacquez-Nares, *City Clerk*
Marshall Eyerman, *Chief Financial Officer*
Brooke McKinney, *Treasury Operations Division Manager*

SPECIAL SERVICES

Bond Counsel

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Los Angeles, California

Disclosure Counsel

Stradling Yocca Carlson & Rauth, a Professional Corporation
Newport Beach, California

Municipal Advisor

Fieldman Rolapp & Associates, Inc.
Irvine, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

Fiscal Consultant

HdL Coren & Cone
Diamond Bar, California

Verification Agent

Grant Thornton LLP
Minneapolis, Minnesota

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriter to give any information or to make any representations with respect to the Series 2017 Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Series 2017 Bonds described in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bondowner and the Agency or the Underwriter.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. 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.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by the Agency, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Series 2017 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Agency or the other parties described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Agency.

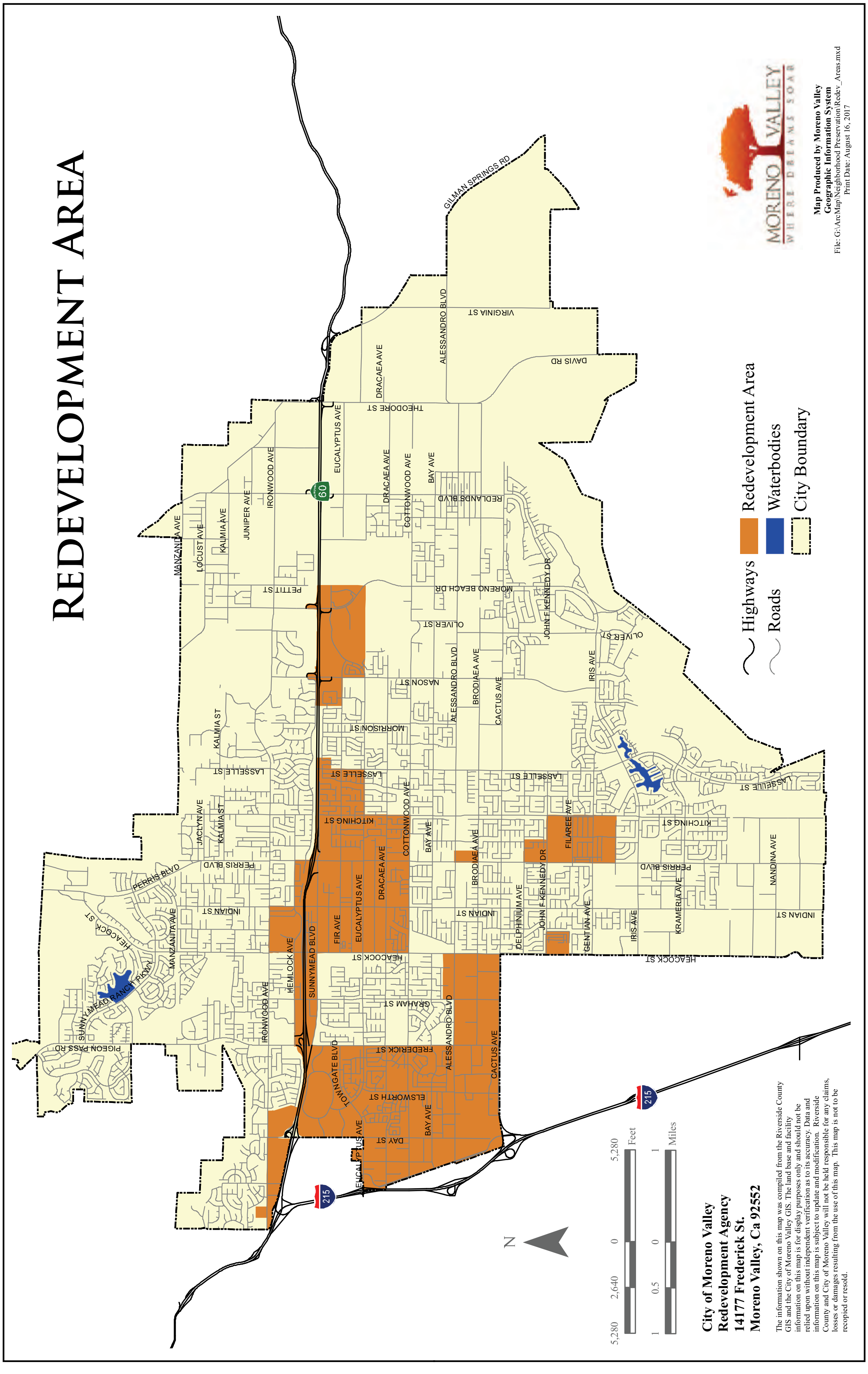
No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No Registration with the SEC. The issuance and sale of the Series 2017 Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Public Offering Prices. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change such public offering prices from time to time.

Website. The City of Moreno Valley maintains an Internet website which includes information about the Agency. However, the information maintained on such website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2017 Bonds.

PROJECT AREA MAP



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$38,045,000
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MORENO VALLEY
SUBORDINATE TAX ALLOCATION REFUNDING BONDS
SERIES 2017

INTRODUCTORY STATEMENT

This Official Statement, including the cover page and inside cover page, is provided to furnish information in connection with the sale by the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (the "Agency") of its $38,045,000 Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "Series 2017 Bonds").

Authority and Purpose

The Series 2017 Bonds are being issued pursuant to the Constitution and laws of the State of California (the "State"), including Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Bond Law"), the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law"), the Dissolution Act (as defined below) and an Indenture of Trust, dated as of September 1, 2017 (the "Indenture"), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). See the caption "THE SERIES 2017 BONDS—Authority for Issuance." The Series 2017 Bonds and any additional bonds issued pursuant to the Indenture ("Additional Bonds") are collectively referred to as the "Bonds."

The Series 2017 Bonds are being issued: (i) to currently refund certain obligations of the Community Redevelopment Agency of the City of Moreno Valley (the "Former Agency") currently outstanding in the aggregate principal amount of $40,855,000, as described under the caption "REFUNDING PLAN," (ii) to obtain a debt service reserve policy (the "Reserve Policy") to be issued by Assured Guaranty Municipal Corp. ("AGM") for deposit into a debt service reserve account (the "Reserve Account") for the Series 2017 Bonds; and (iii) to pay certain costs of issuance of the Series 2017 Bonds. See the caption "REFUNDING PLAN—Sources and Uses of Funds."

The Series 2017 Bonds are secured by the Tax Revenues deposited in the Redevelopment Property Tax Trust Fund (referred to at times herein as the "RPTTF") and payable from amounts on deposit therein after payments of certain County of Riverside administrative costs and payments to certain taxing agencies, as more fully described under the captions "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements," "—Statutory Pass-Through Amounts" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*." Additionally, debt service on certain "Senior Bonds" will be payable from Tax Revenues senior to the Series 2017 Bonds. The "Senior Bonds" consist of (i) the City of Moreno Valley Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds, originally issued in the amount of $10,665,000, of which $4,545,000 are outstanding (the "Towngate Bonds") and (ii) the City of Moreno Valley Community Facilities District No. 87-1 (Towngate) Improvement Area No. 1, Special Tax Refunding Bonds, originally issued in the amount of $4,075,000, of which $2,115,000 are outstanding (the "Improvement Area No. 1 Bonds"). Debt service on the Towngate Bonds is scheduled to be fully repaid after fiscal year 2020-21 and debt service on the Improvement Area No. 1 Bonds is scheduled to be fully repaid after fiscal year 2022-23. See the caption "THE PROJECT AREA—Estimated Debt Service Coverage."

The City and the Agency

The City of Moreno Valley (the "City") is located in western Riverside County (the "County"), approximately 66 miles east of Los Angeles and 100 miles north of San Diego, California, in proximity to California Route 60 and Interstate 215. The City had a population of approximately 206,750 as of January 1, 2017 and covers approximately 51.5 square miles. Incorporated on December 3, 1984, the City operates as a general law city under California law. The City has a council-manager form of government, with four Council members elected by district for overlapping four-year terms and the Mayor being elected for a two-year term. The City Council acted as the governing board of the Former Agency and now serves as the governing board of the Agency. See the caption "THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY" herein.

The Former Agency was established pursuant to the Redevelopment Law. The Former Agency was activated on February 18, 1986, by City Ordinance No. 50. The Former Agency adopted and approved the Redevelopment Plan for the Moreno Valley Redevelopment Project, by Ordinance 87-154 of the City on December 29, 1987 together with any amendments to such redevelopment plan duly authorized pursuant to the Law (the "Redevelopment Plan").

The Project Area consists of approximately 4,676 acres and is made up of commercial, industrial, housing and public land uses including the City's Civic Center. See the caption "THE PROJECT AREA—General."

On June 29, 2011, Assembly Bill No. 26 ("AB X1 26") was enacted as Chapter 5, Statutes of 2011, together with a companion bill, Assembly Bill No. 27 ("AB X1 27"). A lawsuit entitled *California Redevelopment Association, et al. v. Matosantos, et al.*, was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions of AB X1 26 relating to the dissolution and winding down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health & Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012 and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107"), enacted as Chapter 325, Statutes of 2015 (collectively, as amended from time to time, the "Dissolution Act").

On January 10, 2012, by Resolution No. 2012-04 and pursuant to Section 34173 of the Dissolution Act, the City Council of the City confirmed its election to serve as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, which was added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City, nor will the assets of the Former Agency become assets of the City.

The Redevelopment Plan

The Series 2017 Bonds are principally payable from Tax Revenues attributable to the Project Area (defined under the caption "THE PROJECT AREA"). The Project Area is subject to a redevelopment plan; see the caption "THE PROJECT AREA" for detailed information regarding the Redevelopment Plan (defined below under the caption "THE PROJECT AREA—General"), certain amendments to the Redevelopment Plan, and the Project Area.

Pursuant to the Indenture, the Agency will deposit moneys derived from the Project Area constituting Tax Revenues promptly upon receipt thereof into the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5(a) of the Dissolution Act. Moneys held in the Redevelopment Obligation Retirement Fund will be transferred to the Trustee at the times specified in the Indenture to make payments of principal of and interest on the Series 2017 Bonds, all as described under the caption "SECURITY FOR THE SERIES 2017 BONDS."

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Series 2017 Bonds, to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to a successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects.

Under the Indenture, Tax Revenues consist of all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plan available for or deposited into the Redevelopment Property Tax Trust Fund, to the extent not payable to Senior Bonds, payable with respect to Pass Through Obligations and subject to the equal and senior claims of indebtedness, if any. The Indenture further provides that if, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution. See the caption "—Security for the Series 2017 Bonds" below.

Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

Security for the Series 2017 Bonds

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, will be included in the Agency's Recognized Obligation Payment Schedule, and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to, and in accordance with, the Dissolution Act.

See Appendix B and the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule."

The Dissolution Act further provides that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Series 2017 Bonds, are taxes allocated to the Agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the Redevelopment Law, as described in the foregoing paragraph.

In accordance with the Dissolution Act, the Series 2017 Bonds and any Parity Debt (defined in Appendix B) which may be issued in the future are payable from and secured by, and Tax Revenues include, moneys deposited, from time to time, in the Redevelopment Property Tax Trust Fund.

The Series 2017 Bonds are payable from and secured by the Tax Revenues, whether held in the Redevelopment Property Tax Trust Fund or by the Agency or the Trustee. Tax Revenues are defined in the Indenture generally as all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plan available for or deposited into the Redevelopment Property Tax Trust Fund, to the extent not payable to Senior Bonds, payable with respect to Pass Through Obligations, and subject to the equal and senior claims of indebtedness, if, any. "Pass Through Obligations" are defined as (i) the statutory pass-through obligations of the Agency described under Section 33607.5 of the California Health and Safety Code, and (ii) the Pass-Through Agreements, and shall include amounts elected to be allocated pursuant to subdivision (a) of Section 33676 and Section 33607.7 or of the California Health and Safety Code. "Pass-Through Agreements" means each pass-through agreement and tax sharing agreement entered into by the Agency with respect to the Project Area. "Senior Bonds" are defined as (i) the City of Moreno Valley Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds, originally issued in the amount of $10,665,000, of which $4,545,000 are outstanding (the "Towngate Bonds") and (ii) the City of Moreno Valley Community Facilities District No. 87-1 (Towngate) Improvement Area No. 1, Special Tax Refunding Bonds, originally issued in the amount of $4,075,000, of which $2,115,000 are outstanding (the "Improvement Area No. 1 Bonds").

The City and the Former Agency did not amend the Redevelopment Plan (defined herein) in a manner which would have created an obligation to make payments of statutory pass-through obligations. See the caption "SECURITY FOR THE SERIES 2017 BONDS — Statutory Pass-Through Amounts."

The pledge of the Tax Revenues constitutes a first and exclusive lien on and security interest in the Tax Revenues and the Redevelopment Obligation Retirement Fund and all amounts in the Redevelopment Property Tax Trust Fund, and will attach, be perfected and be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Agency, irrespective of whether such parties have notice of the Indenture. Such pledge permits the payment by the County Auditor-Controller of the County's administrative costs to the County as allowed under Section 34182 and Section 95.3 of the Revenue and Taxation Code and to various taxing agencies pursuant to the Pass-Through Agreements, Statutory Pass-Through Amounts and 33676 Amounts (as those terms are defined under the caption "SECURITY FOR THE SERIES 2017 BONDS—Tax Increment Financing—*Tax Sharing*") prior to payment of the principal and interest on the Series 2017 Bonds (unless such payments to taxing agencies are subordinated to payments on the Series 2017 Bonds). Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the Project Area, to the extent that such taxes constitute Tax Revenues as described in this Official Statement, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed in the Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See the captions "SECURITY FOR THE SERIES 2017 BONDS—Tax Increment Financing—*Tax Sharing*" and "—Recognized Obligation Payment Schedule." Moneys deposited by the County Auditor-Controller into the Agency's Redevelopment Obligation Retirement Fund will be transferred by the Agency to the Trustee for deposit in the Tax Increment Fund established under the Indenture and administered by the Trustee in accordance with the Indenture.

The Agency has no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the captions "SECURITY FOR THE SERIES 2017 BONDS" and "RISK FACTORS."

Prior Payment Obligations

In addition to debt service on the Senior Bonds, the use of Tax Revenues from the Project Area to pay debt service on the Series 2017 Bonds is subject to the prior payment of permitted administrative costs of the County Auditor-Controller and payments to certain taxing entities under certain Pass-Through Agreements. See the captions "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*" for a description of the County's administrative costs and "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements" and "—Tax Increment Financing—*Tax Sharing*."

Subordinate Debt Obligations

In connection with the development of the Moreno Valley Mall at TownGate, the Former Agency executed and delivered the following three promissory notes: (i) a Promissory Note dated December 11, 1992 in the original principal amount of $3,000,000, in favor of TownGate Regional Mall Company; (ii) a Promissory Note dated December 11, 1992 in the original principal amount of $6,000,000, in favor of TownGate Regional Mall Company; and (iii) a Promissory Note dated February 1, 1993 in the original principal amount of $4,000,000, in favor of TownGate Regional Mall Company (collectively, the "Mall Notes"). The Agency remains obligated to make payments to the City of Moreno Valley, as holder of the Mall Notes, in connection with the Mall Notes from property taxes from the Project Area. As of June 1, 2017, the outstanding balance under the Mall Notes was $14,042,341. The City has subordinated its right to receive payments under the Mall Notes to the Series 2017 Bonds.

The Agency has other ongoing obligations to private parties and to defray certain costs of employees based upon activities of the Former Agency; all such obligations are subordinate to the Series 2017 Bonds. Such other obligations are paid pursuant to the process established under the Dissolution Act for recognized obligation payments schedules. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule."

Reserve Policy

A Reserve Account for the Series 2017 Bonds has been established pursuant to the Indenture. AGM has committed to issue, concurrently with the issuance of the Series 2017 Bonds, the Reserve Policy for the benefit of the Series 2017 Bonds in the initial principal amount of $3,587,156.91, which constitutes the Reserve Account Requirement. The Reserve Policy will be deposited in the Reserve Account. The Reserve Policy secures only the Series 2017 Bonds and is not available for the benefit of any other obligations of the Agency. The Agency is not obligated: (i) to make any additional deposits into the Reserve Account in the event that AGM defaults on its obligation to make payments under the Reserve Policy; or (ii) to replace the Reserve Policy in the event of a rating downgrade of AGM. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Transfer of Amounts by Trustee—Reserve Account" and Appendix B.

Further Information

Brief descriptions of the Series 2017 Bonds, the Indenture, the Agency, the Former Agency and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Bond Law, the Redevelopment Law, the Dissolution Act, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Agency and the City are qualified in their entirety by reference to such documents. References herein to the Series 2017 Bonds are qualified in their entirety by the form thereof included in the Indenture and the information with respect thereto included herein, copies of which are all available for inspection at the offices of the Agency. Copies of the forms of all documents are available from the City Clerk's office, City of Moreno Valley, 14177 Frederick Street, Moreno Valley, California 92552.

Capitalized terms used herein and not defined have the meanings set forth in Appendix B.

REFUNDING PLAN

General

The Agency expects to apply a portion of the proceeds of the Series 2017 Bonds to refund on a current basis all amounts payable pursuant to the Community Redevelopment Agency of the City of Moreno Valley, 2007 Tax Allocation Bonds, Series A (the "Refunded Bonds"). The Refunded Bonds were issued pursuant to an Indenture, by and between the Agency and Wells Fargo Bank, National Association (the "Prior Trustee"), dated as of October 1, 2007 (the "Prior Indenture"). The Agency will redeem in whole the outstanding Refunded Bonds on September 25, 2017 (the "Redemption Date"). The redemption price (the "Redemption Price") with respect to the Refunded Bonds will be equal to the outstanding principal amount plus interest accrued to the Redemption Date, without premium.

On the date of issuance of the Series 2017 Bonds, a portion of the proceeds of the Series 2017 Bonds will be transferred to the Prior Trustee and deposited into the Redemption Account and Interest Account established under the Prior Indenture (collectively, the "Escrow Accounts"). Such moneys shall be held uninvested as cash and applied by the Prior Trustee to redeem the Refunded Bonds on the Redemption Date.

The amounts held by the Prior Trustee in the Escrow Accounts are pledged solely to the redemption of the Refunded Bonds. The moneys or securities deposited with the Prior Trustee in the Escrow Accounts will not be available for the payments of principal of and interest on the Series 2017 Bonds.

Sources and Uses of Funds

The estimated sources and uses of the Series 2017 Bonds are summarized as follows:

Sources:	
Principal Amount of Series 2017 Bonds	$ 38,045,000.00
Plus Net Original Issue Premium	3,674,222.85
Surplus Amounts on Hand	199.26
Total Sources:	**$ 41,719,422.11**
Uses:	
Refunded Bonds Escrow Accounts	$ 41,152,781.31
Costs of Issuance Fund[1]	566,640.80
Total Uses:	**$ 41,719,422.11**

(1) Includes fees and expenses of Bond and Disclosure Counsel, Municipal Advisor, Fiscal Consultant, Trustee, Prior Trustee, City Attorney and AGM, printing expenses, rating agency fees, Underwriter's discount, and other miscellaneous costs.

THE SERIES 2017 BONDS

Authority for Issuance

The Series 2017 Bonds are authorized for issuance pursuant to the Indenture, the Bond Law, the Redevelopment Law and the Dissolution Act. Direction to undertake the issuance of the Series 2017 Bonds and the execution of the related documents was authorized by the Agency pursuant to Resolution No. SA 2017-03 adopted on May 16, 2017 (the "Resolution"), and by the Oversight Board of the Agency pursuant to Resolution No. OB2017-02 adopted on May 17, 2017 (the "Oversight Board Action").

Written notice of the Oversight Board Action was provided to the State Department of Finance (the "DOF") pursuant to the Dissolution Act, and the DOF requested a review within five business days of such written notice. On July 10, 2017, which is within the time period allotted under the Dissolution Act for the DOF to review the Oversight Board's approving resolution, the DOF provided a letter to the Agency stating that based on the DOF's review and application of the law, the Oversight Board Action approving the Series 2017 Bonds is approved by the DOF. A copy of the DOF's letter is set forth in Appendix F.

Description of the Series 2017 Bonds

The Series 2017 Bonds will be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Series 2017 Bond will have more than one maturity date. The Series 2017 Bonds shall be dated their date of initial delivery and shall bear interest at the rates and shall mature on the Principal Payment Dates as shown on the inside cover page of this Official Statement. Interest on the Series 2017 Bonds will be payable semiannually on February 1 and August 1 in each year, commencing on February 1, 2018 (each, an "Interest Payment Date"). Interest on the Series 2017 Bonds shall be computed on the basis of a 360-day year of twelve 30-day months. Payment of interest on the Series 2017 Bonds shall be made to Cede & Co. as registered owner, or such other person whose name appears on the bond registration books of the Trustee as the registered owner of the Series 2017 Bonds, as of the close of business on the fifteenth (15th) day of the calendar month preceding the Interest Payment Date (the "Record Date"), or if otherwise instructed, by check mailed to such registered owner at its address as it appears on such books or at such other address as it may have filed with the Trustee for that purpose prior to the Record Date.

The Series 2017 Bonds will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless such date of authentication is an Interest Payment Date, in which event they will bear interest from such Interest Payment Date, or unless such date of authentication is prior to the first Interest Payment Date, in which event they will bear interest from January 15, 2018, provided, however, that if, at the time of authentication of the Series 2017 Bond, interest is then in default on such Series 2017 Bond, such Series 2017 Bond will bear interest from the Interest Payment Date to which interest previously has been paid or made available for payment.

Book-Entry System

DTC will act as securities depository for the Series 2017 Bonds. The Series 2017 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 certificate will be issued for each maturity of the Series 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See Appendix D for further information with respect to DTC and its book-entry system.

Redemption

Optional Redemption. The Series 2017 Bonds maturing on or after August 1, 2028, are subject to optional redemption before maturity on or after August 1, 2027, at the option of the Agency, in whole or in part, on any date, at a redemption price equal to the principal amount of the Series 2017 Bonds to be redeemed, plus accrued but unpaid interest to the redemption date.

Notice of Redemption; Rescission. In the case of any redemption of Series 2017 Bonds, the Trustee shall give notice that the Series 2017 Bonds, identified by serial numbers and maturity date (and interest rate in the case of bifurcated maturities), have been called for redemption and, in the case of Series 2017 Bonds to be redeemed in part only, the portion of the principal amount thereof that has been called for redemption (or if all the Outstanding Series 2017 Bonds are to be redeemed, so stating, in which event such serial numbers may be omitted), that they will be due and payable on the date fixed for redemption (specifying such date) upon surrender thereof at the Principal Corporate Trust Office, at the redemption price (specifying such price), together with any accrued interest to such date, and that all interest on the Series 2017 Bonds so to be redeemed will cease to accrue on and after such date and that from and after such date such Series 2017 Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such redeemed Series 2017 Bond or such portion except to receive payment from such moneys of such redemption price plus accrued interest to the date fixed for redemption.

Such notice shall be mailed by first class mail, postage prepaid, at least 20 but not more than 60 days before the date fixed for redemption, to the Security Depository, the MSRB and the Owners of such Series 2017 Bonds, or portions thereof, so called for redemption, at their respective addresses as the same shall last appear on the Bond Register. No notice of redemption need be given to the Owner of a Series 2017 Bond to be called for redemption if such Owner waives notice thereof in writing, and such waiver is filed with the Trustee prior to the redemption date. Neither the failure of an Owner to receive notice of redemption of Series 2017 Bonds nor any error in such notice shall affect the validity of the proceedings for the redemption of Series 2017 Bonds.

Any notice of redemption may be expressly conditional and may be rescinded by Written Request of the Agency given to the Trustee not later than the date fixed for redemption. Upon receipt of such Written Request of the Agency, the Trustee shall promptly mail notice of such rescission to the same parties that were mailed the original notice of redemption.

Partial Redemption of Bonds. Whenever less than all the Outstanding Series 2017 Bonds of any one maturity are to be redeemed on any one date, the Trustee shall select the particular Bonds to be redeemed by lot, and in selecting the Series 2017 Bonds for redemption the Trustee shall treat each Series 2017 Bond of a denomination of more than $5,000 as representing that number of Series 2017 Bonds of $5,000 denomination which is obtained by dividing the principal amount of such Series 2017 Bond by $5,000, and the portion of any Series 2017 Bond of a denomination of more than $5,000 to be redeemed shall be redeemed in an Authorized Denomination. The Trustee shall promptly notify the Agency in writing of the numbers of the Series 2017 Bonds so selected for redemption in whole or in part on such date.

Effect of Redemption. If any Bond or any portion thereof shall have been duly called for redemption and payment of the redemption price, together with unpaid interest accrued to the date fixed for redemption, shall have been made or provided for by the Agency, then interest on such Series 2017 Bond or such portion shall cease to accrue from such date, and from and after such date such Series 2017 Bond or such portion shall no longer be entitled to any lien, benefit or security under the Indenture, and the Owner thereof shall have no rights in respect of such Series 2017 Bond or such portion except to receive payment of such redemption price, and unpaid interest accrued to the date fixed for redemption.

Annual Debt Service

The table below sets forth the aggregate annual debt service on the Series 2017 Bonds (assuming no optional redemption of the Series 2017 Bonds).

Bond Year (August 1)	***Principal***	***Interest***	***Total***
2018	--	$ 1,331,078.44	$ 1,331,078.44
2019	--	1,506,881.26	1,506,881.26
2020	--	1,506,881.26	1,506,881.26
2021	--	1,506,881.26	1,506,881.26
2022	--	1,506,881.26	1,506,881.26
2023	--	1,506,881.26	1,506,881.26
2024	--	1,506,881.26	1,506,881.26
2025	$ 1,395,000	1,506,881.26	2,901,881.26
2026	2,045,000	1,451,081.26	3,496,081.26
2027	2,145,000	1,348,831.26	3,493,831.26
2028	2,250,000	1,241,581.26	3,491,581.26
2029	2,360,000	1,129,081.26	3,489,081.26
2030	2,475,000	1,011,081.26	3,486,081.26
2031	2,760,000	887,331.26	3,647,331.26
2032	2,900,000	749,331.26	3,649,331.26
2033	3,045,000	604,331.26	3,649,331.26
2034	3,135,000	512,981.26	3,647,981.26
2035	3,230,000	418,931.26	3,648,931.26
2036	3,330,000	322,031.26	3,652,031.26
2037	3,435,000	217,968.76	3,652,968.76
2038	3,540,000	110,625.00	3,650,625.00
Totals:	$38,045,000	$21,884,434.88	$59,929,434.88

Source: Underwriter.

SECURITY FOR THE SERIES 2017 BONDS

General

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit such amount in the Redevelopment Property Tax Trust Fund for the Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. Section 34177.5(g) of the Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if the bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date; will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Property tax revenues pledged to any bonds authorized to be issued by the Agency under the Dissolution Act, including the Series 2017 Bonds, are taxes allocated to the Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See Appendix B and the caption "—Recognized Obligation Payment Schedule."

Pursuant to Section 33670(b) of the Redevelopment Law and Section 16 of Article XVI of the State Constitution, and as provided in the Redevelopment Plan for the Project Area, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the redevelopment plan, or the respective effective dates of ordinances approving amendments to the redevelopment plan that added territory to the Project Area, as applicable, are to be divided as follows:

(a) <u>To Taxing Agencies</u>: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the applicable Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the redevelopment plan, or the respective effective dates of ordinances approving amendments thereto that added territory to the Project Area, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) <u>To the Former Agency/Agency</u>: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency (as discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution"), that portion of the levied taxes each year in excess of such amount, annually allocated within the redevelopment plan limit, when collected will be paid into a special fund of the Former Agency. Section 34172(a) of the Dissolution Act provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund will be deemed to be a special fund of the Agency to pay the debt service on indebtedness incurred by the Former Agency or the Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above constitutes the amount required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date referred to in paragraph (b) above.

The Series 2017 Bonds are payable from and secured by deposits into the Redevelopment Property Tax Trust Fund to be derived from the Project Area on a subordinate basis to debt service on the Senior Bonds and amounts required to pay certain County administrative costs to the County and to pay amounts due to certain taxing entities under the Pass-Though Agreements. See the captions "—Tax Increment Financing—*Tax Sharing*" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*."

The Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any fiscal year (defined as July 1 through June 30) to pay the principal of and interest on the Series 2017 Bonds. See the captions "—Tax Increment Financing," "—Recognized Obligation Payment Schedule," "PROPERTY TAXATION IN CALIFORNIA" and "RISK FACTORS."

The Series 2017 Bonds are not a debt of the City, the State, or any of its political subdivisions (other than the Agency), and neither said City, said State, nor any of its political subdivisions is liable thereon (other than the Agency), nor in any event will the Series 2017 Bonds be payable out of any funds or properties other than those of the Agency. The Series 2017 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

Tax Revenues

Subject to the terms and conditions set forth in the Indenture, the Indenture provides that all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Expense Account and the Rebate Fund) are pledged to the payment of the principal of and interest on the Series 2017 Bonds and any additional refunding obligations issued pursuant to the conditions set forth in the Indenture ("Parity Debt"). See the caption "—Limitation on Additional Indebtedness." The Agency irrevocably grants to the Trustee for the benefit of the issuer of the Reserve Policy and the Owners of the Series 2017 Bonds and any Parity Debt a first charge and lien on, and a security interest in, and pledges and assigns, the Tax Revenues, whether held by the Agency, the County Auditor-Controller or the Trustee, and all amounts in the funds and accounts established under the Indenture (other than the Expense Account and the Rebate Fund), including the Tax Increment Fund, which is created pursuant to the Indenture by the Agency.

The Agency covenants and agrees to maintain the Tax Increment Fund with the Trustee so long as any Series 2017 Bonds or any Parity Debt are outstanding or amounts are owed to the Trustee for the benefit of the Owners and the Owners of any Series 2017 Bonds or any Parity Debt.

Other than the Senior Bonds, no additional bonds payable from Tax Revenues on a basis senior to or on a parity with the Series 2017 Bonds and any Parity Debt will be issued except pursuant to the Indenture. Parity Debt shall not be issued except for the purpose of refunding any outstanding Series 2017 Bonds or Parity Debt. See the caption "—Limitation on Additional Indebtedness."

"Tax Revenues" mean all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Redevelopment Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plan available for or deposited into the Redevelopment Property Tax Trust Fund, to the extent not payable to Senior Bonds, payable with respect to Pass Through Obligations, and subject to the equal and senior claims of indebtedness, if any. If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

The Agency covenants and agrees that, subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues when and as received, will be received by the Agency in trust and will be transferred to the Trustee within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as specifically provided otherwise in the Indenture.

All such Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. Any Tax Revenues received by the Trustee in the Tax Increment Fund (other than amounts deposited in the Reserve Account) in excess of the amounts required to be held by the Trustee in the Tax Increment Fund shall be released from the pledge and lien under the Indenture and transferred to the Agency and may be used for any lawful purpose of the Agency.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the Redevelopment Property Tax Trust Fund. In accordance with the Indenture and the Dissolution Act, and in accordance with the County Auditor-Controller's obligations as set forth in California Health and Safety

Code Section 34183, the Agency shall take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the Redevelopment Property Tax Trust Fund, (2) allocates funds for the principal and interest payments due on the Outstanding Series 2017 Bonds and any Parity Debt and any deficiency in the Reserve Account (including amounts due to AGM as issuer of the Reserve Policy) pursuant to each valid Recognized Obligation Payment Schedule in accordance with the Dissolution Act, and (3) make the transfers to the Trustee required under the Indenture.

The Agency will take all actions required under the Dissolution Act to include on its Recognized Obligation Payment Schedule the amounts described below to be transmitted to the Trustee for the applicable ROPS Period in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any Compliance Costs, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement (including amounts due to AGM as issuer of the Reserve Policy) and any deficiency in the reserve accounts under the indentures for the Senior Bonds. The Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the County Auditor-Controller and the Department of Finance on or before February 1 with respect to the ROPS Period commencing the following July 1.

In furtherance of such pledge, and in preparing a given Recognized Obligation Payment Schedule, the Agency will reflect on each annual Recognized Obligation Payment Schedule that the amount due to the Trustee, received in trust from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the next calendar year from Tax Revenues required to be deposited into the Redevelopment Property Tax Trust Fund will equal (1) the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year as provided in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year as provided in the Indenture, plus (2) the amount of any deficiency in the Reserve Account (including amounts due to AGM as issuer of the Reserve Policy), less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the Recognized Obligation Payment Schedule pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year.

The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on June 1 of the next calendar year from amounts required to be deposited into the Redevelopment Property Tax Trust Fund will be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year in an amount equal to not less than (1) the remaining the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year as provided in the Indenture, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year as provided in the Indenture, plus (2) the amount of any remaining deficiency in the Reserve Account.

Tax Revenues received by the Agency during a ROPS Period in excess of the amount required to be deposited in the Tax Increment Fund shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in the Indenture on each such date, be released from the pledge, security interest and lien for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and any Parity Debt and the payment in full of all other amounts payable under the Indenture, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Expected Compliance Costs, if any, will be included in each Recognized Obligation Payment Schedule in accordance with the Dissolution Act. "Compliance Costs" mean those costs incurred by the Agency or the Trustee in connection with their compliance with the Indenture and the Continuing Disclosure Certificate that are chargeable against the Redevelopment Property Tax Trust Fund, including legal fees and charges, other related administrative costs of the Agency, fees and disbursements of consultants and professionals, rating agency fees, amounts to reimburse AGM for draws on its Reserve Policy (including any other amounts due to AGM), and other Qualified Reserve Account Credit Instruments, and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code.

Pursuant to the Dissolution Act, former tax increment revenues generated in the Project Area are no longer required to be deposited into the Low and Moderate Income Housing Fund. Accordingly, and because the Agency has no obligations that are payable from the Low and Moderate Income Housing Fund, such revenues are now available and pledged to the repayment of the Series 2017 Bonds and any Parity Debt. See the caption "—Tax Increment Financing—*Elimination of Housing Set-Aside*."

Redevelopment Obligation Retirement Fund; Deposit of Tax Revenues

The Agency has established the Redevelopment Obligation Retirement Fund pursuant to Section 34170.5(a) of the Dissolution Act, which the Agency will continue to hold so long as any of the Series 2017 Bonds are Outstanding. Under the Indenture, the Agency covenants, subject to the prior application and lien in favor of the Senior Bonds, to credit all Tax Revenues withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Trustee for the payment of the Senior Bonds, the Series 2017 Bonds and any Parity Debt to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5(a) of the California Health and Safety Code.

Transfer of Amounts by Trustee

The Agency covenants and agrees that, subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues, when and as received, will be received by the Agency in trust under the Indenture and shall be deemed to be held by the Agency as agent for the Trustee and will, not later than 10 Business Days following such receipt, be deposited by the Agency with the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as provided in the Indenture; provided that the Agency shall not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Trustee for deposit into the Tax Increment Fund. All such Tax Revenues, whether received by the Agency in trust or deposited with the Trustee, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues in the Tax Increment Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund, in the following order of priority: (1) Interest Account; (2) Principal Account; (3) Reserve Account; and (4) Expense Account.

Interest Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they shall become due and payable.

In the event that there shall be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due in such Bond Year, then the money available in the Tax Increment Fund shall be applied *pro rata* to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

Reserve Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement, which in the Indenture shall mean as of the date of any calculation, with respect to all Outstanding Bonds an amount equal to the lesser of (i) the Maximum Annual Debt Service attributable to the Outstanding Bonds or (ii) 125% of Average Annual Debt Service attributable to the Outstanding Bonds; provided, however, that the Reserve Account Requirement when issuing a new Series of Bonds shall be the lesser of (i) or (ii) above, but limited to the addition to the Reserve Account of no more than 10% of the proceeds from the sale of such new Series of Bonds. No deposit need be made into the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be transferred to the Tax Increment Fund.

On any date on which Bonds are defeased in accordance with the Indenture, the Trustee shall, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds and any Parity Debt or withdraws funds from the Reserve Account to pay principal and interest on the Bonds and any Parity Debt, the Trustee shall notify the Agency in writing of such failure or withdrawal, as applicable.

A Qualified Reserve Account Credit Instrument may be deposited in the Reserve Account. A "Qualified Reserve Account Credit Instrument" means: (i) the Reserve Policy; or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee into the Reserve Account, provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee:

(a) S&P or Moody's has assigned a long-term credit rating to such bank or insurance company of "A" (without regard to modifier) or higher;

(b) such letter of credit or surety bond has a term of at least twelve (12) months;

(c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are proposed to be released pursuant to the Indenture;

(d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account or the Principal Account for the purpose of making payments required pursuant to the Indenture; and

(e) prior written notice is given to the Trustee before the effective date of any such Qualified Reserve Account Credit Instrument.

AGM will issue the Reserve Policy for the purpose of funding the Reserve Account for the Series 2017 Bonds. The Reserve Policy will be issued by AGM in an amount equal to the Reserve Account Requirement applicable to the Series 2017 Bonds. The Reserve Policy is a Qualified Reserve Account Credit Instrument. The premium for the Reserve Policy is to be fully paid at or prior to the issuance of the Series 2017 Bonds. Under the terms of the Reserve Policy, AGM will unconditionally and irrevocably guarantee to pay that portion of the scheduled principal and interest on the Series 2017 Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Agency.

The Trustee shall ascertain the necessity for a claim upon the Reserve Policy in accordance with the Indenture and provide notice to AGM in accordance with the terms of the Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2017 Bonds, respectively. Where deposits are required to be made by the Agency with the Trustee to the Interest Account and Principal Account of the Tax Increment Fund for the Series 2017 Bonds, respectively, more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the Agency to make timely payment in full of such deposits within two Business Days of the date due.

See the caption "RESERVE POLICY PROVIDER" for a description of AGM.

Tax Increment Financing

General. Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming that the taxable valuation exceeds the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations.

The Dissolution Act authorizes refunding bonds, including the Series 2017 Bonds, that are issued by a successor agency to be secured by a pledge of moneys deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller with respect to that successor agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller. Under the Indenture, Tax Revenues consist of the amounts deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to and as provided in the Dissolution Act. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described above. See the caption "RISK FACTORS."

Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Former Agency entered into eight agreements for this purpose. (See the caption "—Pass-Through Agreements" below.) Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the "Statutory Pass-Through Amounts"). (See the caption "—Statutory Pass-Through Amounts" below.) Further, redevelopment project areas adopted between January 1, 1985 and January 1, 1994 were subject to payments to schools and to other affected taxing agencies that elected to receive tax revenue payments set forth under Section 33676 of the Law ("33676 Amounts"). (See the caption "—Section 33676 Election" below.)

The Dissolution Act requires the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund amounts required to be distributed pursuant to Pass-Through Agreements or as Statutory Pass-Through Amounts or 33676 Amounts to the taxing entities on each January 2 and June 1 before amounts are distributed by the County Auditor-Controller from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund, unless: (i) pass-through payment obligations have been made subordinate to debt service payments for the bonded indebtedness of the Agency; (ii) the Agency has reported, no later than the December 1 and May 1 preceding the applicable January 2 or June 1 distribution date, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the Agency's enforceable obligations, pass-through payments and the Agency's administrative cost allowance for the applicable six-month period; and (iii) the State Controller has concurred with the Agency that there are insufficient funds for such purposes for the applicable six-month period.

The Dissolution Act provides for a procedure by which the Agency may make Statutory Pass-Through Amounts and 33676 Amounts subordinate to the Series 2017 Bonds. The City and the Former Agency did not amend the Redevelopment Plan (defined herein) in a manner which would have created an obligation to make payments of statutory pass-through obligations. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Statutory Pass-Through Amounts." The Agency has not undertaken the requisite procedures to obtain subordination of the 33676 Amounts and, therefore, amounts due as 33676 Amounts, as well as payments under an agreement between the Former Agency and the Riverside County Flood Control and Water Conservation District are senior in payment priority to the Series 2017 Bonds. See the caption "—Pass-Through Agreements—*The Flood Agreement*," see also the caption "THE PROJECT AREA" for information regarding assessed values and tax revenues generated in the Project Area.

Elimination of Housing Set-Aside. Before the dissolution of the Former Agency, the Redevelopment Law required the Former Agency to set aside not less than 20% of the gross tax increment allocated to the Former Agency from the Project Area, i.e., the "Housing Set-Aside," in the Former Agency's Low and Moderate Income Housing Fund, to be expended for low and moderate income housing purposes. Generally, the Former Agency was authorized to use the Housing Set-Aside to pay debt service on bonds solely to the extent that the proceeds of such bonds were used to finance or refinance low and moderate income housing projects. In contrast, under the Redevelopment Law, the Former Agency was authorized to use the portion of tax increment that was not part of the Housing Set-Aside (the "Non-Housing Portion") to pay debt service on all bonds and other indebtedness of the Former Agency incurred to finance or refinance redevelopment projects for the Project Area, subject to limitations set forth in the indentures or other governing documents.

The Dissolution Act has eliminated the Low and Moderate Income Housing Fund and the requirement to deposit the Housing Set-Aside into such fund. None of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund are designated as the Housing Set-Aside because the Agency has no obligations that are payable from the Housing Set-Aside. The Redevelopment Property Tax Trust Fund flow of funds under the Dissolution Act makes no distinction between bonds that were, in whole or in part, secured by and payable from the Housing Set-Aside and bonds that were solely secured by and payable from the Non-Housing Portion. In effect, after the Former Agency's dissolution, all of the Agency's outstanding bonds are paid from Redevelopment Property Tax Trust Fund disbursements without distinction between obligations related to housing and non-housing projects.

Recognized Obligation Payment Schedule

On or before each February 1, with respect to each fiscal year, the Dissolution Act requires successor agencies to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as such term is defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides and any other payments required under an indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and amounts borrowed from the Low and Moderate Income Housing Fund. A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bond for the next payment due in the following half of the calendar year.

Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the Low and Moderate Income Housing Fund; (ii) bond proceeds; (iii) reserve balances; (iv) administrative cost allowance; (v) the Redevelopment Property Tax Trust Fund (but only to the extent that no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act); or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Each annual Recognized Obligation Payment Schedule may be amended once, provided that (i) the Agency submits the amendment to DOF no later than October 1, (ii) the Oversight Board makes a finding that the amendment is necessary for the payment of approved enforceable obligations during the second half of the Recognized Obligation Payment Schedule period (from January 1 to June 30, inclusive), and (iii) the Agency may only amend the amount requested for payment of approved enforceable obligations. The DOF shall notify the Agency and the County Auditor-Controller as to whether the Agency's requested amendment is approved at least 15 days before the January 2 property tax distribution.

The Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the Agency's payment obligations during the next fiscal year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the Agency or the DOF or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Series 2017 Bonds, see the caption "RISK FACTORS—Recognized Obligation Payment Schedule."

With respect to each Recognized Obligation Payment Schedule submitted by the Agency, the Dissolution Act requires the DOF to make a determination of the enforceable obligations and the amounts and funding sources available to pay approved enforceable obligations no later than April 15. Within five business days of the determination by the DOF, the Agency may request additional review by the DOF and an opportunity to meet and confer on disputed items, if any. The DOF will notify the Agency and the County Auditor-Controller as to the outcome of its review at least 15 days before the June 1 property tax distribution date preceding the applicable Recognized Obligation Payment Schedule period. Additionally, the County Auditor-Controller may review a submitted Recognized Obligation Payment Schedule and object to the inclusion of any items that are not demonstrated to be enforceable obligations and may object to the funding source proposed for any items, provided that the County Auditor-Controller must provide notice of any such objections to the Agency, the Oversight Board and the DOF at least 60 days prior to the next property tax distribution date.

See the caption "—Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final Recognized Obligation Payment Schedule authorized by the Dissolution Act pursuant to SB 107.

In connection with the allocation and distribution by the County Auditor-Controller of property tax revenues deposited in the Redevelopment Property Tax Trust Fund, under the Dissolution Act the County Auditor-Controller must prepare estimates of the amounts of: (i) property tax to be allocated and distributed; and (ii) the amounts of pass-through payments to be made for the upcoming fiscal year, and provide those estimates to the entities receiving the distributions and the DOF by no later than October 1 and April 1 of each year, as applicable. If, after receiving such estimate from the County Auditor-Controller, the Agency determines and reports, no later than December 1 or May 1, as applicable, that the total amount available to the Agency from the Redevelopment Property Tax Trust Fund allocation to the Agency's Redevelopment Obligation Retirement Fund, from other funds transferred from the Former Agency and from funds that have or will become available through asset sales and all redevelopment operations, is insufficient to fund the payment of pass-through obligations, Agency enforceable obligations listed on the Recognized Obligation Payment Schedule and the Agency's administrative cost allowance, the County Auditor-Controller must notify the State Controller and the DOF by no later than 10 days from the date of the Agency's notification. If the State Controller concurs that there are insufficient funds to pay required debt service, and if the Agency's tax sharing obligations described in Section 34183(a)(1) of the Dissolution Act have been subordinated to the Agency's enforceable obligations, then the Dissolution Act provides for certain adjustments to be made to the estimated distributions, as described in more detail under the caption "—Tax Increment Financing—*Tax Sharing*."

The Dissolution Act provides that any bonds authorized to be issued by the Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same legal effect as if such bonds had been issued prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to such date, will be included in the Agency's Recognized Obligation Payment Schedule and will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established pursuant to the Dissolution Act. Additionally, if an enforceable obligation provides for an irrevocable commitment of property tax revenue and where allocation of revenues is expected to occur over time, the Dissolution Act provides that a successor agency may petition the DOF to provide written confirmation that its determination of such enforceable obligation as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the DOF's approval of subsequent payments made pursuant to the enforceable obligation. If the confirmation is granted by the DOF, then the DOF's review of such payments in each future Recognized Obligation Payment Schedule will be limited to confirming that they are required by the prior enforceable obligation.

In order to ensure the timely payment of debt service on the Series 2017 Bonds, on or before each February 1 following the Closing Date (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that shall include, from the first available Tax Revenues (subject to payments to the County for administrative expenses and to certain taxing entities, as provided in the Indenture): (i) all debt service due on all Outstanding Parity Debt coming due during the applicable ROPS Period (with one-half of such year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on June 1 and the remainder of such year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on January 2), and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument).

The Agency covenants in the Indenture that it will comply with the requirements of the Dissolution Act, including without limitation to file all required statements and seek all necessary approvals required under the Dissolution Act to assure compliance by the Agency with its covenants under the Indenture. See Appendix B.

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit a successor agency to submit a Last and Final Recognized Obligation Payment Schedule (a "Last and Final ROPS") for approval by the oversight board and the DOF if: (i) the successor agency's only remaining debt is administrative costs and payments pursuant to enforceable obligations with defined payment schedules, (ii) all remaining obligations have been previously listed on a Recognized Obligation Payment Schedule and approved by the DOF, and (iii) the successor agency is not a party to outstanding or unresolved litigation. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency in the following order: (A) enforceable obligations to be funded from the Redevelopment Property Tax Trust Fund, (B) enforceable obligations to be funded from bond proceeds or other legally or contractually dedicated or restricted funding sources, and (C) loans or deferrals authorized for repayment to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets. The Last and Final ROPS must also include the total outstanding obligation and a schedule of remaining payments for each enforceable obligation described in (A) and (B) above, and the total outstanding obligation and an interest rate of 4%, for any loans or deferrals listed pursuant to (C) above. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid. DOF approval is required for any Last and Final ROPS to become effective. The county auditor-controller shall also review the Last and Final ROPS and provide any objection to the inclusion of any items or amounts to the DOF.

Successor agencies may only amend an approved Last and Final ROPS twice. Approval by the oversight board and the DOF is required for any amendment to a Last and Final ROPS to become effective. The DOF shall have 100 days to approve or deny a request for approval of an amendment to a Last and Final ROPS. Each amended Last and Final ROPS approved by the DOF shall become effective in the subsequent Redevelopment Property Tax Trust Fund distribution period. If an amended Last and Final ROPS is approved less than 15 days before the date of the property tax distribution, the Last and Final ROPS shall not be effective until the subsequent Redevelopment Property Tax Trust Fund distribution period. The Agency does not intend to seek approval of a Last and Final ROPS.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS. The county auditor-controller shall no longer distribute property tax to the successor agency's

Redevelopment Property Tax Trust Fund once the aggregate amount of property tax allocated to the successor agency equals the total outstanding obligation approved in the Last and Final ROPS. Commencing on the effective date of the approved Last and Final ROPS, the successor agency shall not prepare or transmit annual Recognized Obligation Payment Schedules.

After the Last and Final ROPS is approved by DOF, the county auditor-controller shall continue to allocate moneys in the successor agency's Redevelopment Property Tax Trust Fund pursuant to Section 34183 of the Dissolution Act; however, the county auditor-controller shall allocate such moneys in each fiscal period, after deducting the county auditor-controller's administrative costs, in the following order of priority: (A) pass through payments pursuant to Section 34183(a)(1) of the Dissolution Act, (B) scheduled debt service payments on tax allocation bonds listed and approved in the Last and Final ROPS, (C) scheduled payments on revenue bonds listed and approved in the Last and Final ROPS, but only to the extent the revenues pledged for them are insufficient to make the payments and only if the successor agency's tax increment revenues were also pledged for the repayment of bonds, (D) scheduled payments for debts and obligations listed and approved in the Last and Final ROPS to be paid from the Redevelopment Property Tax Trust Fund, (E) payments listed and approved on the Last and Final ROPS that were authorized but unfunded in prior periods, (F) repayment of loans and deferrals to the city that created the redevelopment agency or the successor to the former redevelopment agency's housing functions and assets that are listed and approved on the Last and Final ROPS, and (G) any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers described in (A) to (F), above, shall be distributed to taxing entities in accordance with Section 34183(a)(4) of the Dissolution Act.

If the successor agency reports to the county auditor-controller that the total available amounts in the Redevelopment Property Tax Trust Fund will be insufficient to fund the successor agency's current or future fiscal year obligations, and if the county auditor-controller concurs that there are insufficient funds to pay the required obligations, the county auditor-controller may distribute funds pursuant to Section 34183(b) of the Dissolution Act. See the caption "—Tax Increment Financing."

Pass-Through Agreements

Prior to 1994, under the Law, a redevelopment agency could enter into an agreement to pay former tax increment revenues to any affected taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination is appropriate to alleviate any financial burden or detriment caused by the redevelopment project. These Pass-Through Agreements normally provided for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements.

The Former Agency entered into two Pass-Through Agreements with certain taxing agencies with respect to the Project Area, as noted below, and one of those Pass-Through Agreements was amended. These Pass-Through Agreements are briefly summarized below. Except for the "County Agreement," as described under the caption "*—The County Agreement*," Pass-Through Agreements are treated as senior to the Series 2017 Bonds due to the pledge of Redevelopment Property Tax Trust Fund revenues granted to the Series 2017 Bonds under the Indenture and to reflect the cash flow provisions set forth in Health and Safety Code Section 34183(a)(1). Limitations upon payments to the Former Agency apply to the Agency following dissolution of the Former Agency.

The County Agreement. The Former Agency entered into an agreement with the County of Riverside (the "County") dated as of December 15, 1987 (the "County Agreement"). The County Agreement provides: (1) from the first $7,000,000 in tax increment revenues realized annually in respect to the Project Area, that portion of the tax increment which would have been paid to the County had the Redevelopment Plan not been adopted shall be allocated to the Former Agency; (2) during the effective life of the Redevelopment Plan, in each Fiscal Year in which the tax increment revenues exceed $7,000,000, all of such excess, but not more than $5,000,000 in any one year up to a maximum of $75,000,000 in the aggregate, shall be allocated to the County;

and (3) all tax increment revenues in excess of that described under clauses (1) and (2) above shall be allocated in equal portions to the Former Agency and the County. During 2007, the County unilaterally reduced the tax increment revenues disbursed to the Former Agency based upon an amount which the County contended was due to the County for two prior years because Tax Increment Revenues had exceeded $7,000,000 in 2003-04. Payments under the County Agreement are subordinate to the Series 2017 Bonds.

The Flood Agreement. The Former Agency entered into an agreement with the Riverside County Flood Control and Water Conservation District ("Flood") and the City dated as of April 12, 1988 (the "Flood Agreement"). The Flood Agreement provides: (1) commencing with fiscal year 1988-89 and continuing for each fiscal year until the total annual tax increment revenue for a fiscal year is $12 million, the County Auditor-Controller shall allocate to the Former Agency one hundred percent (100%) of tax increment revenues that would have been paid to Flood had the Redevelopment Plan not been adopted (the "Flood Share"); (2) commencing with the first fiscal year in which the total annual tax increment revenue is $12 million, fifty percent (50%) of the Flood Share shall be disbursed to Flood by the County Auditor-Controller and fifty percent (50%) is to be disbursed by the County Auditor-Controller to the Agency; and (3) it is the intent of the parties to the Flood Agreement that over the effective life of the Redevelopment Plan, the cumulative amount of the Flood Share paid to the Former Agency shall not exceed the cumulative total of amounts approved by the Former Agency for certain improvements described in the Flood Agreement. Through Fiscal Year 2004-05, the Former Agency had received a cumulative total of $4,828,695 as the Flood Share. Total annual Tax Increment exceeded $12 million in 2005-06. The Former Agency caused the amounts received as the Flood Share to be expended for flood control facilities and improvements. Payments under the Flood Agreement are senior to the Series 2017 Bonds.

For fiscal year 2016-17, Flood accounted for approximately 5.12% of Tax Increment Revenues from the Project Area, see APPENDIX A—"FISCAL CONSULTANT'S REPORT.

Statutory Pass-Through Amounts

Assembly Bill 1290 (Chapter 942, Statutes of 1993) ("AB 1290"), effective January 1, 1994, eliminated the statutory authority for negotiated pass-through agreements and provided a formula for mandatory tax sharing, applicable to projects adopted after January 1, 1994 or amended after that date to add territory or make certain other amendments. These payments, which are to begin the fiscal year following the year a redevelopment plan was adopted (if after January 1, 1994) or the fiscal year following the year that a redevelopment plan's original plan limitations would have taken effect (in the case of pre-1994 redevelopment plans), are calculated using the increase in revenue less the amount of revenue generated by the project area in the year that the redevelopment plan was adopted or the former limit would have been reached, as applicable. Under the Dissolution Act, in particular Section 34183, the County Auditor-Controller is obligated to remit these Statutory Pass-Through Amounts to the affected taxing entities from the Agency's Redevelopment Property Tax Trust Fund for each ROPS period.

The City and the Former Agency did not amend the Redevelopment Plan in a manner which would have created an obligation to make payments of Statutory Pass-Through Amounts.

Section 33676 Election

Section 33676 of the Redevelopment Law used to allow taxing entities to elect to claim for themselves (and thus exclude from tax increment revenues available to an agency) the portion of tax increment revenues attributable to inflationary growth as determined under Section 110.1(f) of the Revenue and Taxation Code. School districts and community college districts were directed by Section 33676 to make such election pursuant to a specific procedure prior to adoption of any redevelopment plan or amendment, unless a tax sharing agreement existed between the redevelopment agency and the taxing entity.

In the case of *Santa Ana Unified School District v. Orange County Development Agency*, the State Court of Appeals upheld the determination of a trial court that where the County of Orange had adopted a redevelopment project in 1986 and a school district which served the project area had failed to submit a resolution electing to receive a proportionate share of property tax revenues attributable to inflationary growth as determined under Section 110.1(f) of the Revenue and Taxation Code, the school district should nevertheless be deemed entitled to receive such revenues under Health and Safety Code Section 33676 as in effect as of 1986. Section 33676 has been the subject of amendments both before and after 1986 but was in substantially the same form between 1984 and 1993. In connection with the Redevelopment Plan, which was adopted on December 29, 1987, the Agency has no agreement with the Moreno Valley Unified School District (the "School District"), the Riverside Community College District or the Riverside Superintendent of Schools, and none of those three entities submitted a resolution electing to receive payments under Health and Safety Code Section 33676. If one or more of those entities were to receive additional moneys by virtue of the principle set forth in the *Santa Ana Unified School District* case in connection with the Project Area, this would reduce the Tax Revenues available to the Agency. In October 2007, the School District informed the Agency that it had notified the County Auditor-Controller that it is electing to receive payments under the *Santa Ana Unified School District* case prospectively. However, no claim was made with respect to such revenues. Given the passage of time, the projections of amounts payable under Pass-Through Agreements (see, for example, Table 6 and Table 7 under the caption "THE PROJECT AREA—Projected Tax Revenues") do not include any payments based upon an election under Health and Safety Code Section 33676.

Limitation on Additional Indebtedness

Senior Obligations. Under the Indenture, the Agency has covenanted that it will not issue additional bonds or incur additional obligations that are payable from moneys deposited in the Redevelopment Property Tax Trust Fund on a senior basis to the Series 2017 Bonds.

However, debt service on the Senior Bonds will be payable from Tax Revenues senior to the Series 2017 Bonds. See the caption "THE PROJECT AREA—Estimated Debt Service Coverage."

Parity Debt. Section 34177.5(a) of the Dissolution Act presently permits successor agencies to issue bonds or incur other indebtedness secured by property tax revenues comprised of former tax increment revenues required by the Dissolution Act to be deposited into the respective Redevelopment Property Tax Trust Fund for the applicable successor agency under limited circumstances, including to provide savings to the successor agency, provided that (A) the total interest cost to maturity on the refunding bonds plus the principal amount of the refunding bonds shall not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (B) the principal amount of the refunding bonds or the indebtedness will not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance. If the foregoing conditions are satisfied, the initial principal amount of the refunding bonds or indebtedness may be greater than the outstanding principal amount of the bonds or other indebtedness to be refunded. The successor agency may pledge to the refunding bonds or other indebtedness the revenues pledged to the bonds or other indebtedness being refunded, having the same lien priority as the pledge of the bonds or other obligations to be refunded.

The Agency may issue Additional Bonds as Parity Debt under the Indenture, payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues, equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture including, without limitation, the Series 2017 Bonds, for the purpose of refunding bonds or other indebtedness of the Agency or the Former RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, subject to the following conditions precedent:

(a) A Written Request of the Agency shall have been filed with the Trustee containing a statement to the effect that the Agency shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indentures, and no Event of Default shall have occurred and be continuing.

(b) The issuance of tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with the Indenture ("Additional Bonds") shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture as defined in the Indenture; which shall specify the following:

(i) The authorized principal amount of such Additional Bonds;

(ii) The date and maturity date or dates of such Additional Bonds; provided that (i) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates, and (ii) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(iii) The Interest Payment Dates for such Additional Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for Series 2017 Bonds;

(iv) The denomination and method of numbering of such Additional Bonds;

(v) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vi) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Reserve Account; provided that the amount deposited in or credited to such Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, and that an amount at least equal to the Reserve Account Requirement on all Outstanding Bonds shall thereafter be maintained in or credited to such Reserve Account;

(viii) The form of such Additional Bonds; and

(ix) Such other provisions, as are necessary or appropriate and not inconsistent with the Indenture.

(c) Such Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Agency or the Former Agency (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to or connected with such refunding, provided that the issuance of such Additional Bonds shall comply with the terms of California Health and Safety Code Section 34177.5.

The Agency shall refund outstanding Senior Bonds on a parity with the Bonds only to the extent such refunding would be permitted by Section 34177.5(a) of the Dissolution Act. Nothing contained in the Indenture shall limit the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Tax Revenues junior to that of the Bonds.

Subordinate Obligations. Nothing contained in the Indenture prevents the Agency from issuing additional bonds or incurring other loans, advances or indebtedness payable from Tax Revenues on a subordinate basis to the Series 2017 Bonds.

RESERVE POLICY PROVIDER

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings. On June 26, 2017, S&P issued a research update report in which it affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 14, 2016, KBRA issued a financial guaranty surveillance report in which it affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On August 8, 2016, Moody's published a credit opinion affirming its existing insurance financial strength rating of "A2" (stable outlook) on AGM. AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Capitalization of AGM. At March 31, 2017:

- The policyholders' surplus of AGM was approximately $2,204 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,263 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves of AGM and its subsidiaries (as described below) were approximately $1,349 million. Such amount includes (i) 100% of the net unearned premium reserves of AGM and AGM's wholly owned subsidiary Assured Guaranty (Europe) Ltd. and (ii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves and net unearned premium reserves of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves of Assured Guaranty (Europe) Ltd were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference. Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2016 (filed by AGL with the SEC on February 24, 2017); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 (filed by AGL with the SEC on May 5, 2017).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Series 2017 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "RESERVE POLICY PROVIDER—Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters. AGM makes no representation regarding the Series 2017 Bonds or the advisability of investing in the Series 2017 Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the caption "RESERVE POLICY PROVIDER."

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." Secured and unsecured property is entered on separate parts of the assessment roll maintained by county assessors. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens. See the caption "RISK FACTORS—Bankruptcy and Foreclosure" for certain limitations on the priority of secured tax liens under federal law, however.

Generally, *ad valorem* taxes are collected by a county for the benefit of the various taxing agencies (cities, schools and special districts) that share in the *ad valorem* tax (each, a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Fund.

Collections. The method of collecting delinquent taxes is substantially different for secured and unsecured property. Counties have four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer; (ii) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer; and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31. While the County has adopted a Teeter Plan alternative method of collection and distribution of taxes, it did not make the Teeter Plan available to redevelopment agencies, but has implemented internal procedures that are similar in effect as to redevelopment project areas. See the caption "THE PROJECT AREA—Levy and Collections."

Supplemental Assessments. California Revenue and Taxation Code Section 75.70 provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, which delayed the realization of increased property taxes from the new assessments for up to 14 months. Revenue and Taxation Code Section 75.70 provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of the Project Area subsequent to the January 1 lien date. To the extent that such supplemental assessments occur within the Project Area, Tax Revenues may increase. However, because supplemental assessments cannot be accurately projected, no provision has been made by the Fiscal Consultant to reflect the impact of supplemental assessments on Tax Revenues. See Appendix A.

Property Tax Administrative Costs. In 1990, the State Legislature enacted Senate Bill ("SB") 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, Sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the cost of administering the provisions of the Dissolution Act, as well as the foregoing SB 1559 amounts, to be deducted from Tax Revenues. The County's total administrative charge for the Project Area, deducted from the Fiscal Year 2016-17 Redevelopment Property Tax Trust Fund allocation to the Agency, amounted to approximately 1.31% of the total gross tax revenue allocation for such period. The Fiscal Consultant assumes that the County property tax administration will continue to be annually charged at this percentage factor to the gross tax revenue generated by the Project Area in subsequent fiscal years. See the projections set forth in the Fiscal Consultant's Report attached as Appendix A and under the caption "THE PROJECT AREA—Projected Tax Revenues" herein.

Pass-Through Agreements. Prior to 1994, under the Redevelopment Law, a redevelopment agency could enter into an agreement to pay tax increment revenues to any taxing agency that has territory located within a redevelopment project in an amount which in the redevelopment agency's determination was appropriate to alleviate any financial burden or detriment caused by the redevelopment project. Such agreements normally provide for payment or pass-through of tax increment revenue directed to the affected taxing agency, and, therefore, are commonly referred to as pass-through agreements or tax sharing agreements. The Agency's agreements with affected taxing agencies are referred to herein as "Pass-Through Agreements." See the caption "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements" for a discussion of Pass-Through Agreements for the Project Area and the treatment of Pass-Through Agreements under the Dissolution Act.

Statutory Pass-Through Amounts. The payment of Statutory Pass-Through Amounts results from: (i) redevelopment plan amendments which add territory in existing project areas on or after January 1, 1994; and (ii) redevelopment plan amendments which eliminate, extend or increase one or more limitations within a redevelopment plan (such as the removal of the time limit on the establishment of loans, advances and indebtedness). The calculation of the amount due to affected taxing entities is described in Sections 33607.5 and 33607.7 of the Redevelopment Law. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Tax Increment Financing—*Tax Sharing*."

33676 Amounts. Certain successor agencies are required to pay certain inflationary increases in tax increment revenues referred to herein as 33676 Amounts to certain educational taxing agencies. See the caption "SECURITY FOR THE BONDS—Section 33676 Election" for a discussion of the Agency's obligation to pay 33676 Amounts. Also see the caption "SECURITY FOR THE SERIES 2017 BONDS—Tax Increment Financing—*Tax Sharing*."

Recognized Obligation Payment Schedule. The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid, only those payments listed in the Recognized Obligation Payment Schedule may be made by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, the Dissolution Act requires successor agencies to prepare and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to each June 1 property tax distribution date. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule" and "RISK FACTORS—Recognized Obligation Payment Schedule." See also "SECURITY FOR THE SERIES 2017 BONDS—Last and Final Recognized Obligation Payment Schedule" for a description of the Last and Final ROPS authorized by the Dissolution Act pursuant to SB 107.

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, assessed value derived from State-assessed unitary property (consisting mostly of operational property owned by utility companies) is to be allocated county-wide as follows: (i) each tax rate area will receive the same amount from each assessed utility received in the previous fiscal year unless the applicable county-wide values are insufficient to do so, in which case values will be allocated to each tax rate area on a pro rata basis; and (ii) if values to be allocated are greater than in the previous fiscal year, each tax rate area will receive a pro rata share of the increase from each assessed utility according to a specified formula. Additionally, the lien date on State-assessed property was changed from March 1 to January 1.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. AB 454 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. AB 454 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is located. The intent of AB 2890 and AB 454 is to provide redevelopment agencies with their appropriate share of revenue generated from property assessed by the State Board of Equalization.

The Fiscal Consultant estimates the tax on unitary property to be allocated to the Agency at $212,542 for fiscal year 2017-18, based on the County's actual unitary tax for fiscal year 2016-17.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as Proposition 13 or the Jarvis-Gann Initiative) which added Article XIIIA to the State Constitution. Article XIIIA limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the State fiscal year 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." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA: (i) exempts from the 1% tax limitation taxes to pay debt service on: (a) indebtedness approved by the voters prior to July 1, 1978; or (b) 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; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional *ad valorem* taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the State Supreme Court and the United States Supreme Court.

In the general election held on November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of: (1) real property between spouses; and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the State Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county to transfer the old residence assessed value to the new residence. As a result of the State Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the State Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Appropriations Limitation – Article XIIIB

On November 6, 1979, State voters approved Proposition 4 (also known as the Gann Initiative), which added Article XIIIB to the State Constitution. Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year" for establishing such appropriations limit is State fiscal year 1978-79, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness is not deemed to be the receipt by an agency of proceeds of taxes levied by or on behalf of an agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two State appellate court decisions. On the basis of these decisions, the Agency does not believe that it is subject to Article XIIIB and has not adopted an appropriations limit.

Articles XIIIC and XIIID of the State Constitution

At the election held on November 5, 1996, Proposition 218 was passed by the voters of California. The initiative added Articles XIIIC and XIIID to the State Constitution. Provisions in the two articles affect the ability of local government to raise revenues. The Series 2017 Bonds are secured by sources of revenues that are not subject to limitation by Proposition 218.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, Section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project area for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness, and *not* to redevelopment agencies. SB 107, which became effective on September 22, 2015, amended Section 34183(a)(1) of the Dissolution Act to provide that such debt service override revenues approved by the voters for the purpose of supporting pension programs or capital projects or programs related to the State Water Project that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override. See "SECURITY FOR THE SERIES 2017 BONDS—General."

Redevelopment Plan Limits

In 1993, the State legislature passed AB 1290 which, among other things, required redevelopment agencies to adopt time limits in each redevelopment plan specifying: (i) the last date to incur debt for a redevelopment project; (ii) the last date to undertake redevelopment activity within a project area; (iii) the last date to collect tax increment revenue from a project area to repay debt; and (iv) a limitation on the number of dollars of taxes that could be allocated to the Former Agency from the applicable Project Area. See the caption "THE PROJECT AREA."

SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the Redevelopment Plan are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A do not take into account the time and financial limitations set forth in the Redevelopment Plan for the Project Area. See the caption "THE PROJECT AREA—General."

Appeals of Assessed Values

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by November 30 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Tax Revenues are derived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted. See Appendix A for information regarding the appeals pending with respect to the assessed valuations of the top ten property owners within the Project Area.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code Section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions pursuant to Proposition 8 may be initiated by the County Assessor or requested by the property owner, and such reductions apply only to a single tax year.

After a roll reduction is granted pursuant to Proposition 8, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

The County Assessor has the ability to use Proposition 8 criteria to apply blanket reductions in valuation to classes of property affected by particular negative economic conditions. The Agency is aware that the County Assessor made such reductions to assessed values of residential property in the Project Area and the City generally in recent fiscal years, a portion of which reductions have now been restored. The Fiscal Consultant's Report does not assume any future reductions in assessed valuations as a result of Proposition 8, but there can be no assurance that such reductions will not be made in the future. See the caption "THE PROJECT AREA" for further information with respect to reductions in assessed value within the Project Area in the last ten fiscal years.

Proposition 26

On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the State Constitution by adding an expansive definition for the term "tax," which previously was not defined under the State Constitution. Tax Revenues securing the Series 2017 Bonds are derived from property taxes which are outside the scope of taxes, which are limited by Proposition 26.

Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID to the State Constitution and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting Agency revenues or the Agency's ability to expend revenues.

THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

The Former Agency was established by the City Council of the City and was activated by Ordinance adopted by the City Council on February 29, 1972, pursuant to the Redevelopment Law. On June 29, 2011, AB X1 26 was enacted as Chapter 5, Statutes of 2011, together with a companion bill, AB X1 27. A lawsuit entitled California Redevelopment Association, et al. v. Matosantos, et al., was brought in the State Supreme Court challenging the constitutionality of AB X1 26 and AB X1 27. In a published decision (53 Cal. 4th 231 (Dec. 29, 2011)), the State Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the State Supreme Court, as of February 1, 2012, all redevelopment agencies in the State, including the Former Agency, were dissolved, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

On January 10, 2012, by Resolution No. 2012-04 and pursuant to Section 34173 of the Dissolution Act, the City Council of the City confirmed its election to serve as the successor agency to the Former Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Agency is a separate public entity from the City, that the two entities shall not merge and that the liabilities of the

Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

The Agency is governed by the five-member legislative body (the "Board") which consists of the City Council of the City. The Mayor acts as the Chair of the Board, the City Manager as its Executive Director, the City Clerk as its Secretary and the Chief Financial Officer of the City as its Finance Director.

Agency Powers

All powers of the Agency are vested in the Board. Pursuant to the Dissolution Act, the Agency is a separate public body from the City and successor to the organizational status of the Former Agency, but without any legal authority to participate in redevelopment activities except to complete any work related to an approved enforceable obligation. The Agency is tasked with expeditiously winding down the affairs of the Former Agency pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, many Agency actions are subject to approval by the Oversight Board, as well as review by the DOF. The State has strict laws regarding public meetings (known as the Ralph M. Brown Act) which generally make all Board and Oversight Board meetings open to the public in a similar manner as City Council meetings.

Previously, Section 33675 of the Redevelopment Law required the Former Agency to file not later than the first day of October of each year with the County Auditor a statement of indebtedness certified by the chief fiscal officer of the Former Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Former Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Former Agency could not exceed the amounts shown on the Former Agency's statement of indebtedness. The Dissolution Act eliminates this requirement and provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and that, commencing on such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule."

THE PROJECT AREA

Under the Redevelopment Law, a city or county that activated a redevelopment agency was required to adopt, by ordinance, a redevelopment plan for each redevelopment project to be undertaken by the redevelopment agency. A redevelopment agency could only undertake those activities within a redevelopment project specifically authorized in the adopted redevelopment plan. A redevelopment plan is a legal document, the content of which is largely prescribed in the Redevelopment Law, rather than a "plan" in the customary sense of the word. Each redevelopment plan originally included separate time and financial limitations applicable to the Project Area. SB 107, which became effective September 22, 2015, amended the Dissolution Act to provide that the time limits for receiving property tax revenues and the limitation on the amount of property tax revenues that may be received by the Former Agency and the Agency set forth in the applicable redevelopment plan are not effective for purposes of paying the Agency's enforceable obligations. Accordingly, the projections set forth in this Official Statement and in the Fiscal Consultant's Report attached to this Official Statement as Appendix A were prepared without regard to the time and financial limitations set forth in the Redevelopment Plan for the Project Area. Also, the County Auditor-Controller will only deposit revenues into the RPTTF after a Project Area reaches a plan limit set forth in the redevelopment plan if and to the extent the Agency provides evidence that the revenues are needed to pay enforceable obligations. See below under this caption for additional information regarding the Project Area, including information on land use, property ownership, assessed valuation and Tax Revenues generated within the Project Area. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Tax Revenues."

General

The Agency adopted the Redevelopment Plan and the project area designated thereunder (the "Project Area") by Ordinance No. 87-154 on December 29, 1987. As defined under the Indenture, "Redevelopment Plan" means the Redevelopment Plan for the Moreno Valley Redevelopment Project, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law. The Project Area consists of approximately 4,676 acres and consists of commercial, industrial, housing and public land uses including the City's Civic Center. There are pockets of vacant land within the Project Area.

Project Area Characteristics

The County Auditor-Controller is responsible for the aggregation of the assessed values assigned by the County Assessor for properties within the boundaries of the Project Area. The reported current year Project Area assessed value, less the frozen Base Year assessed value, becomes the basis for determining the computed gross property tax revenue allocable to the RPTTF. The reported assessed value of property within the combined Project Area for fiscal year 2017-18 is as follows:

	Fiscal Year 2017-18[(1)]	***% of Total***
Secured Value	$ 3,019,232,957	93.71%
Unsecured Value	202,765,913	6.29
Total Current Year Value	$ 3,221,998,870	100.00%
Base Year Value	568,836,168	17.65
Incremental Value	$ 2,653,162,702	82.35%

(1) Figures are rounded.
Source: County of Riverside and HdL Coren & Cone.

Land Use

The following table illustrates the land use of property in the Project Area.

TABLE 1
PROJECT AREA
LAND USE STATISTICS
(Fiscal Year 2017-18)

Land Use	***Parcels***	***Fiscal Year 2017-18 Net Taxable Value***	***Percent of Total***
Residential	6,545	$ 1,602,298,040	49.73%
Commercial	413	881,980,716	27.37
Industrial	59	384,957,324	11.95
Vacant	533	91,443,997	2.84
Miscellaneous	1	968,738	0.03
Recreational	7	39,046,803	1.21
Government Owned	2	1,387,073	0.04
Institutional	23	2,838,848	0.09
Exempt	173	0	0.00
Subtotal	7,756	$ 3,004,921,539	93.26%
Cross Reference Parcels		$ 14,311,418	0.44%
Unsecured		202,765,913	6.29
Subtotal		$ 217,077,331	6.74%
Total	**7,756**	**$ 3,221,998,870**	**100.00%**

Source: HdL Coren & Cone.

Ten Largest Taxpayers

The ten largest property taxpayers in the Project Area represent approximately 20.22% of the total value in the Project Area for fiscal year 2017-18 and are comprised primarily of commercial, light industrial, and residential land uses. When compared against the incremental assessed value of the Project Area, these ten largest property taxpayers represent approximately 24.56% of the total incremental assessed value within the Project Area.

TABLE 2
PROJECT AREA
TOP TEN PROPERTY TAXPAYERS
(Fiscal Year 2017-18)

		Property Uses	*Assessed Value*	*% of Total Value*	*% of Incremental Value*
1	Western A West California LLC[1]	Industrial/Manufacturing Buildings	$ 159,642,240	4.95%	6.02%
2	Towngate On Memorial Apartments LLC	Residential Apartments	98,558,244	3.06	3.71
3	2250 Town Circle Holdings[1]	Moreno Valley Mall Main Parcels	75,799,105	2.35	2.86
4	Day Street Owner LLC[1]	Villas at Towngate Apartments	70,003,439	2.17	2.64
5	Brixton Alto Shopping Center[1]	Towngate Shopping Center	46,675,781	1.45	1.76
6	Rancho Belago Apartments LLC[1]	Rancho Belago Apartment Homes	42,994,346	1.33	1.62
7	Overlook at Rancho Belago Development	Broadstone Overlook Apartments	41,361,000	1.28	1.56
8	BRE Paragon MF Alvista Towngate CA	Alvista Towngate Apartments	41,066,914	1.27	1.55
9	Buckhead Cactus Commerce	United Natural Foods - Processing	39,795,832	1.24	1.50
10	Liberty Properties LP	Federal Mogul Tool Manufacturing	35,741,846	1.11	1.35
		Total	$ 651,638,747		
		Total Project Area Assessed Value	$ 3,221,998,870	20.22%	
		Project Area Incremental Assessed Value	$ 2,653,162,702		24.56%

[1] Pending appeals; maximum potential aggregate reduction is approximately $126.5 million assessed value.
Source: County of Riverside and HdL Coren & Cone.

Western A West California LLC is the largest property taxpayer within the Project Area. The four parcels owned by Western A West California LLC included several industrial and manufacturing buildings on adjacent parcels.

Assessed Valuation

The following table sets forth the taxable assessed valuations for the Project Area and the incremental taxable values for the last ten fiscal years. According to the County, the total assessed valuation of the Project Area for fiscal year 2017-18 is $3,221,998,870.

TABLE 3
PROJECT AREA
ASSESSED VALUATIONS AND INCREMENTAL VALUES
(Fiscal Years 2007-08 to 2017-18)

Fiscal Year Ending June 30	*Assessed Value*	*Percent Change*	*Less: Base Year Value*	*Value Over Base Year*
2008	$2,608,666,928	N/A	$568,836,168	$2,039,830,760
2009	2,850,831,464	9.28%	568,836,168	2,281,995,296
2010	2,572,281,943	-9.77	568,836,168	2,003,445,775
2011	2,451,148,803	-4.71	568,836,168	1,882,312,635
2012	2,397,152,798	-2.20	568,836,168	1,828,316,630
2013	2,391,348,604	-0.24	568,836,168	1,822,512,436
2014	2,467,941,062	3.20	568,836,168	1,899,104,894
2015	2,677,798,241	8.50	568,836,168	2,108,962,073
2016	2,860,980,938	6.84	568,836,168	2,292,144,770
2017	3,047,865,820	6.53	568,836,168	2,479,029,652
2018	3,221,998,870	5.71	568,836,168	2,653,162,702

Source: County of Riverside and HdL Coren & Cone.

For projections of growth in incremental assessed valuation and Gross Tax Increment Revenues, see the caption "—Projected Tax Revenues" below.

For information about assessment appeals, see the caption "—Assessment Appeals."

Levy and Collections

The prior year allocation of tax increment revenues and the County Auditor-Controller's distribution of property taxes to the RPTTF are a reflection of actual property tax collections experienced within the Project Area. Although the County did not make available to redevelopment agencies its adopted Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the Teeter Plan), as provided for in Section 4701 et seq. of the Revenue and Taxation Code of the State, under a longstanding County policy, the County Auditor-Controller distributes 100% of property tax revenues allocated to each successor agency within the County (including the Agency) without regard to delinquencies in the payment of property taxes. As a result of this allocation method, the Agency receives no adjustments for redemption payments on delinquent collections. The Agency does receive supplemental taxes. There can be no assurance that the County Auditor Controller will not change its policies with respect to delinquencies in property tax payments in the future.

If the County were to discontinue its longstanding policy with respect to the allocation of taxes to successor agencies in the County, or otherwise make its Teeter Plan applicable to redevelopment project areas, the receipt of property taxes would be subject to delinquencies.

Assessment Appeals

There are two basic types of assessment appeals provided for under California law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the County Assessor following a change in ownership or completion of new construction. If the base year value assigned by the County Assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction activity occurs. The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value. See the caption "PROPERTY TAXATION IN CALIFORNIA—Appeals of Assessed Values."

Property taxable values determined by the County Assessor may be subject to an appeal by the property owner. Assessment appeals are annually filed with the County Assessment Appeals Board for a hearing and resolution. The resolution of an appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the property owner. A property owner can file for a regular assessment appeal with the County between July 2 and November 30. Revenue and Taxation Code Section 1604 allows up to two years for an assessment appeal to be decided. Three of the top ten taxpayers within the Project Area have filed assessment appeals that are currently pending. Additional appeals to assessed values in the Project Area may be filed from time to time in the future. The Agency cannot predict the extent of these appeals or their likelihood of success.

The Fiscal Consultant researched the status of assessment appeals filed by property owners in the Project Area based upon the latest information available from the County Appeals Board database through July 20, 2017. The Fiscal Consultant's estimates are based upon the historical averages of successful appeals and amounts of value reductions. Actual appeals, reductions and refunds may vary from historical averages. The Fiscal Consultant's estimated reductions in values are reflected in its projections.

The following table, showing appeal data for fiscal years 2012-13 through 2016-17, summarizes the potential losses that are incorporated into the Fiscal Consultant's projections:

TABLE 4
PROJECT AREA
ASSESSED VALUATION APPEALS
(Fiscal Years 2012-13 to 2016-17)

Total No. of Appeals	*No. of Resolved Appeals*	*No. of Successful Appeals*	*Average Reduction*	*No. of Appeals Pending*	*Value Under Appeal*	*Est. No. of Pending Appeals Allowed*	*Estimated Reduction on Pending Appeals Allowed*
245	137	65	21.41%	108	$723,024,003	51	$73,449,549

Source: County of Riverside and HdL Coren & Cone.

The following table shows pending assessment appeals of top ten taxpayers within the Project Area as of July 20, 2017.

TABLE 5
PROJECT AREA
PENDING ASSESSED VALUATION APPEALS
AMONG PROJECT AREA TOP TEN PROPERTY TAXPAYERS

Taxpayer	*Fiscal Year Appealed*	*No. of Parcels*	*Enrolled Value Under Appeal*	*Owner Opinion of Value*	*Max. Potential Value Loss*
Western A West California LLC	2016-17	1	$ 93,472,000	$ 72,500,000	$ 20,972,000
2250 Town Circle Holdings	2015-16	1	61,082,083	0	61,082,083
Day Street Owner LLC	2015-16	1	46,730,966	23,304,830	23,426,136
Brixton Alto Shopping Center	2016-17	1	2,381,727	1,500,000	881,727
Rancho Belago Apartments LLC	2016-17	1	42,132,875	25,280,000	16,852,875
Liberty Properties LP	2015-16	1	34,514,680	24,427,084	10,087,596
Total			$ 280,840,678	$ 154,384,830	$ 126,455,848

Source: County of Riverside and HdL Coren & Cone.

Tax refunds payable from resolved appeals (to the extent applicants are not delinquent in their property tax payments) are deducted by the County Auditor-Controller from current year gross property taxes before the County's allocation to the RPTTF. The Fiscal Consultant's estimated tax refund based on pending appeals shown in the above tables is reflected in the projections of Tax Revenues set forth in Tables 6 and 7 under the caption "THE PROJECT AREA—Projected Tax Revenues."

Actual resolution of appeals are determined by a number of factors including vacancy and rental rates, circumstances of hardship and other real estate comparables, all of which are unique to the individual assessment. Therefore, actual reductions, if any, may be higher or lower than the reductions incorporated in the Fiscal Consultant's projections. An appeal may be withdrawn by the applicant, the Appeals Board may deny or modify the appeal at hearing or by stipulation, or the final value may be adjusted to an amount other than the stated opinion of value. See the caption "—Assessed Valuation" above for a summary of historical assessed property valuations in the Project Area. For more information about appeals and the Fiscal Consultant's assumptions, see the Fiscal Consultant's Report attached to this Official Statement as Appendix A.

Projected Tax Revenues

The following Table 6 shows the current and projected valuation of taxable property in the Project Area and the projected Tax Revenues. Table 6 assumes the assessed value of property within the Project Area will grow at a rate of 2% per year. Such projections are estimates only and no assurance can be given that such projections will be achieved. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see the captions "PROPERTY TAXATION IN CALIFORNIA" and "RISK FACTORS."

TABLE 6
PROJECT AREA
PROJECTION OF TAX REVENUES
ASSUMES VALUE GROWTH
(000's Omitted)(1)

Fiscal Year	*Total Taxable Value(2)*	*Taxable Value Over Base(3)*	*Unitary Tax Revenue*	*Gross Tax Revenue(4)*	*County Admin. Charges(5)*	*Pass-Though Agreements(6)*	*Senior Debt Service(7)*	*Tax Revenues*
2017-18	$3,221,999	$2,653,163	$213	$26,744	$308	$2,197	$1,282	$22,956
2018-19	3,236,380	2,667,543	213	26,888	310	2,276	1,282	23,020
2019-20	3,298,882	2,730,046	213	27,513	317	2,380	1,283	23,533
2020-21	3,362,635	2,793,799	213	28,151	325	2,487	1,281	24,058
2021-22	3,427,663	2,858,827	213	28,801	332	2,596	255	25,618
2022-23	3,493,991	2,925,155	213	29,464	340	2,707	254	26,163
2023-24	3,561,646	2,992,810	213	30,141	348	2,820	0	26,973
2024-25	3,630,654	3,061,818	213	30,831	355	2,935	0	27,540
2025-26	3,701,042	3,132,206	213	31,535	364	3,053	0	28,118
2026-27	3,772,838	3,204,002	213	32,253	372	3,173	0	28,708
2027-28	3,846,070	3,277,234	213	32,985	380	3,295	0	29,309
2028-29	3,920,766	3,351,930	213	33,732	389	3,420	0	29,922
2029-30	3,996,957	3,428,121	213	34,494	398	3,548	0	30,548
2030-31	4,074,671	3,505,835	213	35,271	407	3,678	0	31,186
2031-32	4,153,940	3,585,103	213	36,064	416	3,810	0	31,837
2032-33	4,234,793	3,665,957	213	36,872	425	3,946	0	32,501
2033-34	4,317,264	3,748,428	213	37,697	435	4,084	0	33,179
2034-35	4,401,385	3,832,549	213	38,538	444	4,224	0	33,869
2035-36	4,487,187	3,918,351	213	39,396	454	4,368	0	34,574
2036-37	4,574,706	4,005,870	213	40,271	464	4,514	0	35,293
2037-38	4,663,976	4,095,139	213	41,164	475	4,664	0	36,026

(1) Totals may not add due to rounding.

(2) Taxable values as reported by the County for fiscal year 2017-18. Real property consists of land and improvements. Taxable values are increased for inflation at 2% for fiscal year 2018-19 and annually thereafter. Values for fiscal year 2018-19 are increased by $27,084,124 due to 248 transfers of ownership during 2017 and decreased by $73,449,549 for projected value loss due to pending assessment appeals. See the caption "—Assessment Appeals." Personal Property values are held constant at the fiscal year 2016-17 level.

(3) Represents total taxable value less base year value of $568,836,168.

(4) Adjusted Gross Tax Revenues is based on incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value.

(5) County Administrative Charges include charges under SB 2557. The Fiscal Consultant estimates the charges under SB 2557 at 1.15% of Gross Revenues. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*." The Fiscal Consultant does not consider charges by the Auditor-Controller under AB X1 26 since these amounts are minimal and vary from RPTTF allocation to RPTTF allocation.

(6) Includes amounts due under the Pass-Through Agreements and 33676 Amounts that are senior to the payment of debt service on the Series 2017 Bonds. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements" for additional information.

(7) Debt service on the Towngate Bonds and the Improvement Area 1 Bonds. Debt service on these bonds is senior to the payment of debt service on the Series 2017 Bonds.

Source: HdL Coren & Cone.

TABLE 7
PROJECT AREA
PROJECTION OF TAX REVENUES
ASSUMES NO VALUE GROWTH
(000's Omitted)[1]

Fiscal Year	*Total Taxable Value[2]*	*Taxable Value Over Base[3]*	*Unitary Tax Revenue*	*Adjusted Gross Tax Revenue[4]*	*County Admin. Charges[5]*	*Pass-Though Agreements[6]*	*Senior Debt Service[7]*	*Tax Revenues*
2017-18	$3,221,999	$2,653,163	$213	$26,744	$308	$2,197	$1,282	$22,956
2018-19	3,175,633	2,606,797	213	26,281	303	2,174	1,282	22,522
2019-20	3,175,633	2,606,797	213	26,281	303	2,174	1,283	22,521
2020-21	3,175,633	2,606,797	213	26,281	303	2,174	1,281	22,523
2021-22	3,175,633	2,606,797	213	26,281	303	2,174	255	23,549
2022-23	3,175,633	2,606,797	213	26,281	303	2,174	254	23,550
2023-24	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2024-25	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2025-26	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2026-27	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2027-28	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2028-29	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2029-30	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2030-31	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2031-32	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2032-33	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2033-34	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2034-35	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2035-36	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2036-37	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804
2037-38	3,175,633	2,606,797	213	26,281	303	2,174	0	23,804

(1) Totals may not add due to rounding.

(2) Taxable values as reported by the County for fiscal year 2017-18. Real property consists of land and improvements. Taxable values are not increased for inflation. Values for fiscal year 2018-19 are increased by $27,084,124 due to 248 transfers of ownership during 2016 and decreased by $73,449,549 for projected value loss due to pending assessment appeals. See the caption "—Assessment Appeals." Personal Property values are held constant at the fiscal year 2016-17 level.

(3) Represents total taxable value less base year value of $568,836,168.

(4) Adjusted Gross Tax Revenues is based on incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value.

(5) County Administrative Charges include charges under SB 2557. The Fiscal Consultant estimates the charges under SB 2557 at 1.15% of Gross Revenues. See the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Property Tax Administrative Costs*." The Fiscal Consultant does not consider charges by the Auditor-Controller under AB X1 26 since these amounts are minimal and vary from RPTTF allocation to RPTTF allocation.

(6) Includes amounts due under the Pass-Through Agreements and 33676 Amounts that are senior to the payment of debt service on the Series 2017 Bonds. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Pass-Through Agreements" for additional information.

(7) Debt service on the Towngate Bonds and the Improvement Area 1 Bonds. Debt service on these bonds is senior to the payment of debt service on the Series 2017 Bonds.

Source: HdL Coren & Cone.

Estimated Debt Service Coverage

The following table sets forth the debt service and coverage ratio for the Series 2017 Bonds, assuming taxable values are increased for inflation at 2% for fiscal year 2017-18 and annually thereafter. There can be no assurance that such projected Tax Revenues will be realized. Such projections assume the issuance of the Series 2017 Bonds and the redemption of the Refunded Bonds. For a discussion of certain matters that will or could cause reductions in the Tax Revenues available in future years, see the captions "PROPERTY TAXATION IN CALIFORNIA" and "RISK FACTORS."

TABLE 8
PROJECT AREA
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES VALUE GROWTH

Year Ending June 30	*Tax Revenues Before Senior Bonds*[1]	*Senior Bonds Debt Service*	*Series 2017 Bonds Debt Service*[2]	*Combined Senior Bonds and Series 2017 Bond Debt Service*[3]	*Debt Service Coverage On Senior Bonds and Series 2017 Bonds*
2018	$24,238,563	$1,282,371	$1,331,078	$2,613,450	9.27x
2019	24,302,230	1,281,873	1,506,881	2,788,754	8.71
2020	24,815,509	1,282,921	1,506,881	2,789,803	8.90
2021	25,339,054	1,280,554	1,506,881	2,787,435	9.09
2022	25,873,069	254,949	1,506,881	1,761,830	14.69
2023	26,417,766	254,359	1,506,881	1,761,240	15.00
2024	26,973,356	0	1,506,881	1,506,881	17.90
2025	27,540,057	0	2,901,881	2,901,881	9.49
2026	28,118,093	0	3,496,081	3,496,081	8.04
2027	28,707,690	0	3,493,831	3,493,831	8.22
2028	29,309,078	0	3,491,581	3,491,581	8.39
2029	29,922,494	0	3,489,081	3,489,081	8.58
2030	30,548,179	0	3,486,081	3,486,081	8.76
2031	31,186,377	0	3,647,331	3,647,331	8.55
2032	31,837,339	0	3,649,331	3,649,331	8.72
2033	32,501,321	0	3,649,331	3,649,331	8.91
2034	33,178,582	0	3,647,981	3,647,981	9.10
2035	33,869,388	0	3,648,931	3,648,931	9.28
2036	34,574,011	0	3,652,031	3,652,031	9.47
2037	35,292,726	0	3,652,969	3,652,969	9.66
2038	36,025,815	0	3,650,625	3,650,625	9.87

(1) Tax Revenues prior to debt service payments on the Senior Bonds. See Table 6.
(2) Series 2017 Bonds debt service shown on a bond year commencing August 2 in the Fiscal Year.
(3) Numbers may not add due to rounding.
Source: HdL Coren & Cone and Stifel Nicolaus & Company, Incorporated.

The following table sets forth the debt service and coverage ratio for the Series 2017 Bonds assuming no growth in total assessed valuation of property within the Project Area.

TABLE 9
PROJECT AREA
ESTIMATED DEBT SERVICE COVERAGE – ASSUMES NO VALUE GROWTH

Year Ending June 30	*Tax Revenues Before Senior Bonds*[1]	*Senior Bonds Debt Service*	*Series 2017 Bonds Debt Service*[2]	*Combined Senior Bonds and Series 2017 Bonds Debt Service*[3]	*Debt Service Coverage On Senior Bonds and Series 2017 Bonds*
2018	$24,238,563	$1,282,371	$1,331,078	$2,613,450	9.27x
2019	23,803,992	1,281,873	1,506,881	2,788,754	8.54
2020	23,803,992	1,282,921	1,506,881	2,789,803	8.53
2021	23,803,992	1,280,554	1,506,881	2,787,435	8.54
2022	23,803,992	254,949	1,506,881	1,761,830	13.51
2023	23,803,992	254,359	1,506,881	1,761,240	13.52
2024	23,803,992	0	1,506,881	1,506,881	15.80
2025	23,803,992	0	2,901,881	2,901,881	8.20
2026	23,803,992	0	3,496,081	3,496,081	6.81
2027	23,803,992	0	3,493,831	3,493,831	6.81
2028	23,803,992	0	3,491,581	3,491,581	6.82
2029	23,803,992	0	3,489,081	3,489,081	6.82
2030	23,803,992	0	3,486,081	3,486,081	6.83
2031	23,803,992	0	3,647,331	3,647,331	6.53
2032	23,803,992	0	3,649,331	3,649,331	6.52
2033	23,803,992	0	3,649,331	3,649,331	6.52
2034	23,803,992	0	3,647,981	3,647,981	6.53
2035	23,803,992	0	3,648,931	3,648,931	6.52
2036	23,803,992	0	3,652,031	3,652,031	6.52
2037	23,803,992	0	3,652,969	3,652,969	6.52
2038	23,803,992	0	3,650,625	3,650,625	6.52

(1) Tax Revenues prior to debt service payments on the Senior Bonds. See Table 7.
(2) Series 2017 Bonds debt service shown on a bond year commencing August 2 in the Fiscal Year.
(3) Numbers may not add due to rounding.
Source: HdL Coren & Cone and Underwriter.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Series 2017 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Series 2017 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Reduction in Taxable Value

Tax Revenues allocated to the Redevelopment Property Tax Trust Fund are determined by the amount of incremental taxable value in the Project Area and the current rate or rates at which property in the Project Area is taxed. The reduction of taxable values of property in the Project Area caused by economic factors beyond the Agency's control, such as relocation out of the Project Area by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation or the complete or partial destruction of such property caused by, among other eventualities, earthquake or other natural disaster, could cause a reduction in the Tax Revenues that provide for the repayment of and secure the Series 2017 Bonds.

Such reduction in Tax Revenues could have an adverse effect on the Agency's ability to make timely payments of principal of and interest on the Series 2017 Bonds.

As described in greater detail under the caption "PROPERTY TAXATION IN CALIFORNIA—Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series 2017 Bonds could reduce Tax Revenues securing the Series 2017 Bonds.

In addition to the other limitations on and required application under the Dissolution Act of Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, as described in this Official Statement, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the Tax Revenues and adversely affect the source of repayment and security of the Series 2017 Bonds.

Concentration of Ownership

The ten largest property taxpayers in the Project Area, based upon the fiscal year 2016-17 locally assessed tax roll reported by the County Assessor, owned approximately 20.04% of the total Project Area value and approximately 24.64% of the total incremental assessed value within the Project Area. See the Fiscal Consultant's Report attached to this Official Statement as Appendix A. Concentration of ownership presents a risk in that if one or more of the largest property owners were to default on their taxes, or were to successfully appeal the tax assessments on property within the Project Area, a substantial decline in Tax Revenues could result. See the caption "THE PROJECT AREA—Ten Largest Taxpayers" for more information about these ten largest property taxpayers and see the caption "THE PROJECT AREA—Assessment Appeals" for information as to pending appeals of tax assessments.

Risks to Real Estate Market

The Agency's ability to make payments on the Series 2017 Bonds is dependent upon the economic strength of the Project Area. The general economy of the Project Area is subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs, the supply of or demand for competitive properties in such area, the market value of property in the event of sale or foreclosure and other similar factors. Furthermore, real estate development within the Project Area could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development, changes in real estate tax rates and other operating expenses, zoning laws and laws relating to threatened and endangered species and hazardous materials and fiscal policies, as well as natural disasters (including, without limitation, earthquakes, wildfires and floods), which may result in uninsured losses. In addition, if there is a decline in the general economy of the Project Area, the owners of property within the Project Area may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Tax Revenues by the Agency from the Project Area.

Because assessed values do not necessarily indicate fair market values, the declines in fair market values in recent years may have been even greater than the declines in assessed valuations, although it is also possible that market values could be greater than assessed valuations at any given time. No assurance can be given that the individual parcel owners will pay property taxes in the future or that they will be able to pay such taxes on a timely basis. See the caption "—Bankruptcy and Foreclosure" for a discussion of certain limitations on the City's ability to pursue judicial proceedings with respect to delinquent parcels.

Reduction in Inflation Rate

As described in greater detail above, Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the rate of inflation, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The State Board of Equalization directed county assessors to use 1.998%, 1.525% and 2.000% as the inflation factors for purposes of preparing the Fiscal Year 2015-16, 2016-17 and 2017-18 tax rolls, respectively.

The Agency is unable to predict if any adjustments to the full cash value of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection of Taxes

The Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the security for and the ability of the Agency to repay the Series 2017 Bonds.

Likewise, delinquencies in the payment of property taxes by the owners of land in the Project Area, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Agency's ability to make timely payments on the Series 2017 Bonds. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Delinquencies," while the County did not make its adopted "Teeter Plan" alternative method for collection of taxes available to redevelopment agencies within the County, the County Auditor-Controller, nevertheless, pursuant to a longstanding policy, distributes property tax revenues as to redevelopment project areas and successor agencies without regard to delinquencies. See the caption "THE PROJECT AREA—Levy and Collections." If the County were to discontinue its longstanding policy and, as well, not adopt a Teeter Plan applicable to redevelopment project areas, the receipt of property taxes would be subject to delinquencies. Any reduction in Tax Revenues, regardless of the reason, could have an adverse effect on the Agency's ability to pay the principal of and interest on the Series 2017 Bonds.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively, as efforts to address structural deficits in the State general fund budget. In general terms, these bills implemented a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs.

SB 107, which made extensive amendments to the Dissolution Act, was enacted following the adoption of the fiscal year 2015-16 Budget, after having initially been presented as AB 113, a trailer bill to the fiscal year 2015-16 Budget. SB 107 changed the process for submitting Recognized Obligation Payment Schedules from a six-month to an annual process, authorizes successor agencies to submit and obtain DOF approval of a Last and Final ROPS to govern all remaining payment obligations of the successor agency, altered the provisions governing the distribution of Redevelopment Property Tax Trust Fund moneys attributable to pension and State Water Project tax rate overrides, and eliminated the impact of financial and time limitations in redevelopment plans for purposes of paying enforceable obligations, among other changes to the Dissolution Act. These statutory amendments impact the manner in which successor agencies claim Redevelopment Property Tax Trust Fund moneys for enforceable obligations and, for some successor agencies, impacts the amount of Redevelopment Property Tax Trust Fund moneys that will be available for payment of the successor agency's enforceable obligations.

There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or tax increment revenues, including Tax Revenues.

Information about the State budget and State spending is available at various State maintained websites. Text of the fiscal year 2017-18 Budget and other documents related to the State budget may be found at the website of the State Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Recognized Obligation Payment Schedule

The Dissolution Act provides that, commencing on the date that the first Recognized Obligation Payment Schedule is valid thereunder, only those obligations listed in the Recognized Obligation Payment Schedule may be paid by the Agency from the funds specified in the Recognized Obligation Payment Schedule. Before each February 1, with respect to the following fiscal year, the Dissolution Act requires successor agencies to prepare and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as described under the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule") of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Tax Revenues will not be distributed from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller to the Agency's Redevelopment Obligation Retirement Fund without a duly approved and effective Recognized Obligation Payment Schedule obtained in sufficient time prior to the June 1 property tax distribution date. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—Recognized Obligation Payment Schedule." In the event that the Agency fails to file a Recognized Obligation Payment Schedule with respect to a fiscal year, the availability of Tax Revenues to the Agency could be adversely affected for such period.

In the event that a successor agency fails to submit to the DOF an oversight board-approved Recognized Obligation Payment Schedule complying with the provisions of the Dissolution Act within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the applicable county auditor-controller for payments for enforceable obligations from distribution to taxing entities pursuant to clause (iv) below, pending approval of a Recognized Obligation Payment Schedule. Upon notice provided by the DOF to the county auditor-controller of an amount to be withheld from allocations to taxing entities, the county auditor-controller must distribute to taxing entities any moneys in the Redevelopment Property Tax Trust Fund in excess of the withholding amount set forth in the notice, and the county auditor-controller must distribute withheld funds to the successor agency only in accordance with a Recognized Obligation Payment Schedule when and as approved by the DOF.

Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, the county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183 of the Dissolution Act:

(i) First, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments that such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including pursuant to the Statutory Pass-Through Amounts. Pension or State Water Project override revenues that are not pledged to or not needed for debt service on Agency debt will be allocated and paid to the entity that levies the override;

(ii) Second, to the Agency for payments listed in its Recognized Obligation Payment Schedule;

(iii) Third, to the Agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) Fourth, the remainder is distributed to the taxing entities in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in such fiscal year (without adjustment for pass-through obligations).

If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the DOF does not provide a notice to the County Auditor-Controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such fiscal year would be distributed to taxing entities pursuant to clause (iv) above.

Additionally, in the event Redevelopment Property Tax Trust Fund moneys are insufficient to pay all pass-through amounts and enforceable obligations, the County Auditor-Controller will disburse moneys to taxing agencies for pass-through payments prior to disbursing any moneys to the Agency for debt service on the Series 2017 Bonds or other enforceable obligations, unless the Agency has complied with the procedures set forth in Section 34177.5(c) of the Dissolution Act to subordinate such pass-through payments to the Series 2017 Bonds. The City and the Former Agency did not amend the Redevelopment Plan in a manner which would have created an obligation to make payments of statutory pass-through obligations. See the caption "SECURITY FOR THE SERIES 2017 BONDS — Statutory Pass-Through Amounts." The Agency has not taken the required actions to subordinate the 33676 Amounts to the Series 2017 Bonds and therefore the 33676 Amounts, as well as payments under the Flood Agreement, are senior to debt service on the Series 2017 Bonds. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Tax Increment Financing—*Tax Sharing*."

The Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act, including without limitation to file all required statements and seek all necessary approvals required under the Dissolution Act to assure compliance by the Agency with its covenants under the Indenture.

Further, the Agency covenants in the Indenture to take all actions required under the Dissolution Act to include: (i) scheduled debt service on the Series 2017 Bonds and any Parity Debt and any amount required under the Indenture to replenish the Reserve Account established hereunder or the reserve account established under any Parity Debt Instrument, and (ii) amounts due to under any insurance or surety bond agreement, in Recognized Obligation Payment Schedules for each ROPS Period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Agency's Redevelopment Obligation Retirement Fund on each January 2 and June 1 amounts required for the Agency to pay principal of, and interest on, the Series 2017 Bonds coming due in the respective ROPS Period, as well as the other amounts set forth above.

In order to accomplish the foregoing, on or before each February 1 (or at such earlier time as may be required by the Dissolution Act), for so long as any Bonds are outstanding, the Agency shall submit an Oversight Board-approved Recognized Obligation Payment Schedule to the DOF and to the County Auditor-Controller that shall include, from the first available Tax Revenues (subject to prior payments described in the Indenture): (i) all debt service due on all Outstanding Parity Debt coming due during the applicable ROPS Period (with one-half of such year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on June 1 and the remainder of such year's debt service to be distributed from the Redevelopment Property Tax Trust Fund on January 2), and (ii) any amount required to cure any deficiency in the Reserve Account pursuant to the Indenture or a reserve account established under any Parity Debt Instrument (including any amounts required due to a draw on the Qualified Reserve Account Credit Instrument). See Appendix B.

The Dissolution Act also imposes certain penalties in the event that the Agency does not timely submit a Recognized Obligation Payment Schedule for each fiscal year. Specifically, a Recognized Obligation Payment Schedule must be submitted by the Agency, after approval by the Oversight Board, to the County Administrative Officer, the County Auditor-Controller, the DOF and the State Controller by February 1 in each year with respect to the following Fiscal Year. If the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule by such deadline, the City will be subject to a civil penalty equal to $10,000 per day for every day that the schedule is not submitted. Additionally, the Agency's administrative cost allowance will be reduced by 25% for any fiscal year for which the Agency does not submit an Oversight Board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline. If the Agency fails to submit a Recognized Obligation Payment Schedule by the February 1 deadline, any creditor of the Agency or DOF or any affected taxing entity shall have standing to, and may request a writ of mandate to, require the Agency to immediately perform this duty. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Series 2017 Bonds, see the caption "SECURITY FOR THE SERIES 2017 BONDS—Recognized Obligation Payment Schedule."

Last and Final Recognized Obligation Payment Schedule

SB 107 amended the Dissolution Act to permit certain successor agencies with limited remaining obligations to submit a Last and Final ROPS for approval by the oversight board and DOF. The Last and Final ROPS must list the remaining enforceable obligations of the successor agency, including the total outstanding obligation amount and a schedule of remaining payments for each enforceable obligation. The Last and Final ROPS shall also establish the maximum amount of Redevelopment Property Tax Trust Funds to be distributed to the successor agency for each remaining fiscal year until all obligations have been fully paid.

Any revenues, interest, and earnings of the successor agency, including proceeds from the disposition of real property, that are not authorized for use pursuant to the approved Last and Final ROPS shall be remitted to the county auditor-controller for distribution to the affected taxing entities. A successor agency shall not expend more than the amount approved for each enforceable obligation listed on the approved Last and Final ROPS and once the successor agency has received Redevelopment Property Tax Trust Fund moneys equal to the amount of the total outstanding obligations approved in the Last and Final ROPS, the county auditor-controller will not allocate further Redevelopment Property Tax Trust Fund moneys to the successor agency.

Successor agencies may only amend an approved Last and Final ROPS twice. If the Agency prepares and obtains DOF approval of a Last and Final ROPS and subsequently amends the Last and Final ROPS two times, the Agency may be unable to make unexpected or unscheduled reserve deposits or payments due to AGM or other Parity Debt.

See the caption "SECURITY FOR THE SERIES 2017 BONDS—Last and Final Recognized Obligation Payment Schedule" for a discussion of the requirements for a Last and Final Recognized Obligation Payment Schedule and the mechanics for allocation of Redevelopment Property Tax Trust Fund moneys pursuant to an approved Last and Final Recognized Obligation Payment Schedule. The Agency does not currently intend to seek approval of a Last and Final ROPS.

Parity and Subordinate Debt

The Indenture permits the issuance by the Agency of certain refunding indebtedness which may have a lien upon the Tax Revenues on parity with the lien of the Series 2017 Bonds. While the Senior Bonds have a lien on Tax Revenues senior to that of the Series 2017 Bonds, the Agency has covenanted not to issue any additional obligations with a lien on former tax increment revenues senior to the lien of the Series 2017 Bonds. See the caption "SECURITY FOR THE SERIES 2017 BONDS—Limitations on Additional Indebtedness" for a description of the conditions precedent to issuance of such additional obligations. The Indenture does not limit the issuance of tax allocation bonds or other indebtedness secured by a pledge of tax increment revenues subordinate to the pledge of Tax Revenues securing the Series 2017 Bonds.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of Riverside County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora is a monoline financial guaranty insurer domiciled in the State of New York and has provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 §19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Agency's ability to timely pay debt service on the Series 2017 Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights (such as the Soldiers' and Sailors' Relief Act of 1940 discussed below) or by the laws of the State relating to judicial foreclosure. In addition, the prosecution of a foreclosure action could be delayed due to crowded local court calendars or delays in the legal process. The various legal opinions to be delivered concurrently with the delivery of the Series 2017 Bonds (including Bond Counsel's approving legal opinions) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings because federal bankruptcy laws may provide for an automatic stay of foreclosure and sale of tax sale proceedings. Such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Series 2017 Bonds. Moreover, if the value of the subject property is less than the lien of property taxes, such excess could be treated as an unsecured claim by the bankruptcy court. Further, should remedies be exercised under the federal bankruptcy laws, payment of property taxes may be subordinated to bankruptcy law priorities. Thus, certain claims may have priority over property taxes in a bankruptcy proceeding even though they would not outside of a bankruptcy proceeding.

In addition, the United States Bankruptcy Code might prevent moneys on deposit in the Redevelopment Obligation Retirement Fund from being applied to pay interest on the Series 2017 Bonds and/or to redeem Bonds if bankruptcy proceedings were brought by or against a landowner and if the court found that such landowner had an interest in such moneys within the meaning of Section 541(a)(1) of the United States Bankruptcy Code.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of property taxes or the timing of enforcement thereof. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if a court concludes that the ability to pay such taxes or assessments is materially affected by reason of such service.

As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Delinquencies*," while the County has not applied to the Agency its adopted "Teeter Plan" alternative method for collection of taxes, under a longstanding policy the County Auditor – Controller distributes property taxes as to redevelopment project area and successor agencies in the County (including the Successor Agency) without regard to delinquencies. See the caption "THE PROJECT AREA—Levy and Collections."

Estimated Revenues

In estimating that Tax Revenues will be sufficient to pay debt service on the Series 2017 Bonds, the Agency has made certain assumptions with regard to present and future assessed valuation in the Project Area, future tax rates and percentage of taxes collected. The Agency believes these assumptions to be reasonable, but there is no assurance that these assumptions will be realized. To the extent that the assessed valuation and the tax rates are less than expected, the Tax Revenues available to pay debt service on the Series 2017 Bonds will be less than those projected and such reduced Tax Revenues may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Series 2017 Bonds.

Hazardous Substances

While governmental taxes, assessments, and charges are a common claim against the value of a taxable parcel, other less common claims may be relevant. One example is a claim with regard to a hazardous substance.

The presence of hazardous substances on a parcel may result in a reduction in the value of a parcel. In general, the owners and operators of a taxable parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but State and local laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the taxable parcels be affected by a hazardous substance is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of the property that is realizable upon a delinquency and foreclosure.

Further, it is possible that liabilities may arise in the future with respect to any of the taxable parcels resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not only from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of a taxable parcel that is realizable upon a delinquency.

Natural Disasters

Natural disasters, including floods, high winds, wildfires, landslides and earthquakes, could damage improvements and/or property in the Project Area, or impair the ability of landowners within the Project Area to develop their properties or to pay property taxes.

Several active fault zones lie within Southern California. No known earthquake fault crosses the Project Area; however, the nearest known fault to the City is the San Jacinto Fault, the most historically active fault zone in Southern California. The San Jacinto Fault crosses the southwest corner of the City and is outside the Project Area. Since 1986, there have been eight notable earthquakes in Southern California, each having a magnitude of five or greater on the Richter Scale. None of these resulted in injury or damage in the City. The City is within Seismic Zone 4 of the 1997 Uniform Building Code. According to the Division of Mines and Geology, the San Jacinto Fault is the only active fault in the City. Seismic activity also can occur on previously undetected faults. In the event of a significant earthquake, substantial damage could occur to the property within the Project Area.

If an earthquake were to substantially damage or destroy taxable property within the Project Area, the assessed valuation of such property would be reduced. Such a reduction of assessed valuations could result in a reduction of the Tax Revenues that secure the Series 2017 Bonds.

The property within the Project Area may also be at risk from other events of force majeure, such as damaging storms, floods, high winds, wildfires, landslides, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The Agency cannot predict what force majeure events may occur in the future.

Changes in the Law

There can be no assurance that the State electorate will not at some future time adopt initiatives or that the State Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of Tax Revenues, which could have an adverse effect on the Agency's ability to pay debt service on the Series 2017 Bonds.

Investment Risk

Funds held under the Indenture are required to be invested in Permitted Investments as provided under the Indenture. See Appendix B for a summary of the definition of Permitted Investments. The funds and accounts of the Agency, into which a portion of the proceeds of the Series 2017 Bonds will be deposited and into which Tax Revenues are deposited, may be invested by the Agency in any investment authorized by law. All investments, including the Permitted Investments and those authorized by law from time to time for investments by municipalities, contain a certain degree of risk. Such risks include, but are not limited to, a lower rate of return than expected and loss or delayed receipt of principal. See also the caption "—Bankruptcy and Foreclosure."

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2017 Bonds, or, if a secondary market exists, that the Series 2017 Bonds can be sold for any particular price. Although the Agency has committed to provide certain financial and operating information on an annual basis, there can be no assurance that such information will be available to Owners of the Series 2017 Bonds on a timely basis. See the caption "CONCLUDING INFORMATION—Continuing Disclosure" and Appendix G. Any failure to provide annual financial information, if required, does not give rise to monetary damages but merely an action for specific performance. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

No Validation Proceeding Undertaken

Code of Civil Procedure Section 860 authorizes public agencies to institute a process, otherwise known as a "validation proceeding," for purposes of determining the validity of a resolution or any action taken pursuant thereto. Section 860 authorizes a public agency to institute validation proceedings in cases where another statute authorizes its use. Relevant to the Series 2017 Bonds, Government Code Section 53511 authorizes a local agency to "bring an action to determine the validity of its bonds, warrants, contracts, obligations or evidences of indebtedness." Pursuant to Code of Civil Procedure Section 870, a final favorable judgment issued in a validation proceeding shall, notwithstanding any other provision of law, be forever binding and conclusive, as to all matters therein adjudicated or which could have been adjudicated, against all persons: "The judgment shall permanently enjoin the institution by any person of any action or proceeding raising any issue as to which the judgment is binding and conclusive."

The Agency has not undertaken or endeavored to undertake any validation proceeding in connection with the issuance of the Series 2017 Bonds. The Agency and Bond Counsel have relied on the provisions of AB 1484 authorizing the issuance of the Series 2017 Bonds and specifying the related deadline for any challenge to the Series 2017 Bonds to be brought. Specifically, Section 34177.5(e) of the Dissolution Act provides that notwithstanding any other law, an action to challenge the issuance of bonds (such as the Series 2017 Bonds), the incurrence of indebtedness, the amendment of an enforceable obligation, or the execution of a financing agreement authorized under Section 34177.5, must be brought within 30 days after the date on which the oversight board approves the resolution of the successor agency approving such financing. Such challenge period expired with respect to the Series 2017 Bonds and the Oversight Board Resolution on June 18, 2017.

It is possible that the definition of Tax Revenues could be affected by changes in law or judicial decisions relating to the dissolution of redevelopment agencies. However, any action by a court to invalidate provisions of the Dissolution Act required for the timely payment of principal of, and interest on, the Series 2017 Bonds could be subject to issues regarding unconstitutional impairment of contracts and unconstitutional taking without just compensation. The Agency believes this constitutional provision would provide some protection against the adverse consequences upon the Agency and the availability of Tax Revenues for the payment of debt service on the Series 2017 Bonds in the event of successful challenges to the Dissolution Act or portions thereof. However, the Agency provides no assurance that any other lawsuit challenging the Dissolution Act or portions thereof will not result in an outcome that may have a detrimental effect on the Agency's ability to timely pay debt service on the Series 2017 Bonds.

Bonds Are Limited Obligations

Neither the faith and credit nor the taxing power of the Agency (except to the limited extent set forth in the Indenture), the City, the State or any political subdivision thereof is pledged to the payment of the Series 2017 Bonds. The Series 2017 Bonds are special obligations of the Agency; and, except as provided in the Indenture, they are payable solely from Tax Revenues. Tax Revenues could be insufficient to pay debt service on the Series 2017 Bonds as a result of delinquencies in the payment of property taxes or the insufficiency of proceeds derived from the sale of land within the Agency following a delinquency in the payment of the applicable property taxes. As discussed under the caption "PROPERTY TAXATION IN CALIFORNIA—Property Tax Collection Procedures—*Delinquencies*," while the County has not applied to redevelopment project areas its adopted a "Teeter Plan" alternative method for collection of taxes, it has implemented internal procedures that are similar in effect as to redevelopment project areas and successor agencies. See the caption "THE PROJECT AREA—Levy and Collections." The Agency has no obligation to pay debt service on the Series 2017 Bonds in the event of insufficient Tax Revenues, except to the extent that money is available for such purpose in the Redevelopment Obligation Retirement Fund, the Tax Increment Fund and the Reserve Account.

Limitations on Remedies

Remedies available to the Owners of the Series 2017 Bonds may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2017 Bonds or to preserve the tax-exempt status of the Series 2017 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2017 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Enforceability of the rights and remedies of the Owners of the Series 2017 Bonds, and the obligations incurred by the Agency, may become subject to the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against governmental entities in the State. See the caption "—Bankruptcy and Foreclosure."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency ("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 Series 2017 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 Series 2017 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 C hereto.

To the extent the issue price of any maturity of the Series 2017 Bonds is less than the amount to be paid at maturity of such Series 2017 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2017 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 Series 2017 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 Series 2017 Bonds is the first price at which a substantial amount of such maturity of the Series 2017 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 Series 2017 Bonds accrues daily over the term to maturity of such Series 2017 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 Series 2017 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2017 Bonds. Beneficial Owners of the Series 2017 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2017 Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series 2017 Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2017 Bonds is sold to the public.

Series 2017 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 Series 2017 Bonds. The Agency has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2017 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 Series 2017 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2017 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 Series 2017 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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. 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 Series 2017 Bonds. Prospective purchasers of the Series 2017 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 Series 2017 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 Agency, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Agency has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2017 Bonds ends with the issuance of the Series 2017 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Agency or the Beneficial Owners regarding the tax-exempt status of the Series 2017 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Agency 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 Agency legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2017 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 Series 2017 Bonds, and may cause the Agency or the Beneficial Owners to incur significant expense.

CONCLUDING INFORMATION

Underwriting

The Series 2017 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter") pursuant to a Bond Purchase Agreement, dated August 23, 2017 (the "Purchase Agreement"), by and between the Underwriter and the Agency. The Underwriter has agreed to purchase the Series 2017 Bonds at a price of $41,467,745.40 (being the aggregate principal amount thereof, plus a net original issue premium of $3,674,222.85 and less an Underwriter's discount of $251,477.45). The Purchase Agreement provides that the Underwriter will purchase all of the Series 2017 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2017 Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

Municipal Advisor

Fieldman Rolapp & Associates, Irvine, California, has served as municipal advisor ("Municipal Advisor") to the Agency in connection with the Series 2017 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

Legal Opinion

The opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, approving the validity of the Series 2017 Bonds and stating that interest on the Series 2017 Bonds is exempt from California personal income taxes under present State income tax laws will be furnished to the purchaser at the time of delivery of the Series 2017 Bonds at the expense of the Agency. Compensation for Bond Counsel's services is entirely contingent upon the sale and delivery of the Series 2017 Bonds.

A copy of the proposed form of Bond Counsel's final approving opinion with respect to the Series 2017 Bonds is attached hereto as Appendix C. The legal opinion is only as to legality and is not intended to be nor is it to be interpreted or relied upon as a disclosure document or an express or implied recommendation as to the investment quality of the Series 2017 Bonds.

In addition, certain legal matters will be passed on for the Underwriter by Nixon Peabody LLP, Los Angeles, California, as Underwriter's Counsel, for the Agency by the City Attorney of the City of Moreno Valley, as counsel to the Agency, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as disclosure counsel, for AGM by its counsel and for the Trustee by its counsel.

Litigation

There is no action, suit or proceeding known to the Agency to be pending and notice of which has been served upon and received by the Agency, or threatened, restraining or enjoining the execution or delivery of the Series 2017 Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Agency taken with respect to any of the foregoing.

Rating

S&P has assigned its rating of "AA-" to the Series 2017 Bonds. There is no assurance that any credit rating given to the Series 2017 Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2017 Bonds. Such rating reflects only the views of S&P and an explanation of the significance of such rating may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the Agency which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

Continuing Disclosure

The Agency has covenanted in a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") for the benefit of the holders and Beneficial Owners of the Series 2017 Bonds to provide certain financial information and operating data relating to the Agency by March 31 following the end of the Agency's fiscal year (currently its fiscal year ends on June 30) (the "Annual Report"), commencing with the report for fiscal year ending June 30, 2017, and to provide notices of the occurrence of certain enumerated events.

The Annual Report and the notices of enumerated events will be filed by the Agency with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at http://emma.msrb.org/. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix G. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12").

The City and its related governmental entities – specifically those entities (such as the Former Agency and the Agency) for whom City staff is responsible for undertaking compliance with continuing disclosure undertakings – have previously entered into disclosure undertakings under Rule 15c2-12 in connection with the issuance of long-term obligations.

Within the last five years, the Agency, as the successor agency to the Former Agency, has not failed to comply with its prior undertakings in any material respect. The Agency has appointed Willdan Financial Services, to act as Dissemination Agent and file the annual reports and notices related to the Series 2017 Bonds with the MSRB through EMMA as required by the Continuing Disclosure Certificate.

In the past five years, the City and its related entities, other than the Agency or Former Agency, failed to file certain event notices required by their respective continuing disclosure undertakings on a timely basis relating to bond insurer rating downgrades of which the City was unaware. The City has filed a corrective notice regarding such bond insurer rating downgrades. In addition, the City filed a notice of defeasance of the Authority's 2005 Lease Revenue Bonds in July 2015, approximately 9 months after the defeasance of such obligations. Finally, the City did not link the Fiscal Year 2011 and 2013 continuing disclosure annual reports for the City of Moreno Valley Community Facilities District No. 87-1 (Towngate) Improvement Area No. 1 Special Tax Refunding Bonds to all CUSIP numbers for such bonds.

Miscellaneous

All of the preceding summaries of the Indenture, the Bond Law, the Dissolution Act, the Redevelopment Law, other applicable legislation, the Redevelopment Plan for the Project Area, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Series 2017 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by the City Manager, as the Executive Director of the Agency, has been duly authorized by the Agency.

SUCCESSOR AGENCY TO THE COMMUNITY
REDEVELOPMENT AGENCY OF THE
CITY OF MORENO VALLEY

Michelle Dawson

By: /s/ Michelle Dawson
Executive Director

APPENDIX A

FISCAL CONSULTANT'S REPORT

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SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

MORENO VALLEY REDEVELOPMENT PROJECT

PROJECTED TAXABLE VALUES AND ANTICIPATED TAX INCREMENT REVENUES

August 16, 2017

I. Introduction

The Moreno Valley Redevelopment Project Series 2017 Tax Allocation Refunding Bonds (the "Bonds"), are being issued by the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (the "Successor Agency") to refinance certain outstanding obligations of the Successor Agency. The Bonds will be used to refund outstanding 2007 Tax Allocation Bonds, Series A of the Community Redevelopment Agency of the City of Moreno Valley (the "Former RDA"), fund a reserve account for the Bonds, and pay the costs of issuing the Bonds. The intent of the refunding will be to lower the cost of repayment of the refunded bonds in accordance with Section 34177.5 of the Health and Safety Code.

On June 29, 2011, the California Legislature and Governor adopted Assembly Bill x1 26 ("AB 1x 26" or the" Dissolution Act"), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. The Dissolution Act was further modified by Senate Bill 107 ("SB 107) that was signed into law on September 22, 2015. In accordance with Section 34177.5(g) of the California Health and Safety Code, bonds issued by the Successor Agency shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date. These obligations shall be included in the successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

Tax revenues generated from the incremental taxable value in a redevelopment project area were, prior to February 1, 2012, generally referred to as Tax Increment Revenues. The Law provided that the Tax Increment Revenues could be pledged by a redevelopment agency to the repayment of agency indebtedness. In this report, Tax Increment Revenues, including Unitary Tax Revenue (see Section IV.H., Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. Gross Tax Revenues less the County Property Tax Collection Fees (see Section IV G, County Property Tax Collection Reimbursement); debt service on outstanding Community Facilities District No. 87-1 of the City of Moreno Valley Towngate Special Tax Refunding Bonds, Series B; debt service on outstanding City of Moreno Valley, Towngate Community Facilities District Improvement Area No. 1 Bonds; and, Tax Sharing payments with a lien on Gross Tax

Revenues that is senior to the pledge of Tax Revenues to the payment of debt service on the Bonds (see Section VII, Tax Sharing and Other Obligations) are referred to as Tax Revenues.

Allocation of tax increment revenue has been significantly altered by the passage of ABx1 26, AB 1489 and SB 107 by the California Legislature. This legislation has been designed to dissolve redevelopment agencies formed pursuant to the Law while assuring that the enforceable obligations incurred by the former redevelopment agencies are repaid (see Section VI Legislation). While tax increment revenues were previously allocated by the County Auditor-Controller based on an allocation schedule covering much of the fiscal year, beginning with fiscal year 2012-13 revenues are only allocated on January 2 and June 1 of each year.

The purpose of this fiscal consultant report (the "Report") is to examine property tax information for the current fiscal year and to project the amount of tax increment revenues anticipated to be received by the Successor Agency from the Project Area for the current fiscal year and nine subsequent fiscal years. Provisions of the Law and the Redevelopment Plan for the Project Area determine the amount of Tax Revenue that the Successor Agency may utilize for purposes of making debt service payments and payments on other obligations with a superior lien on Tax Revenues (see Section VII, Tax Sharing Agreements and Other Obligations, below). As a result of our research, we project that the Tax Revenues for the Project Area will be as shown in Table A below:

Table A
Projected Project Area Tax Revenues
(000's Omitted)

Fiscal Year	Gross Tax Revenues	SB 2557 Admin. Charge	Section 33676 Inflation Adj. Payments	Negotiated Pass Through Payments	CFD 87-1 Senior Bonds Debt Service Payments	Tax Revenues
2017-18	**$26,744**	($308)	($1,442)	($ 755)	($1,282)	**$22,956**
2018-19	**26,888**	(310)	(1,514)	(762)	(1,282)	**23,020**
2019-20	**27,513**	(317)	(1,586)	(794)	(1,283)	**23,533**
2020-21	**28,151**	(325)	(1,660)	(827)	(1,281)	**24,058**
2021-22	**28,801**	(332)	(1,736)	(860)	(255)	**25,618**
2022-23	**29,464**	(340)	(1,813)	(894)	(254)	**26,163**
2023-24	**30,141**	(348)	(1,891)	(929)		**26,973**
2024-25	**30,831**	(355)	(1,971)	(964)		**27,540**
2025-26	**31,535**	(364)	(2,053)	(1,000)		**28,118**
2026-27	**32,253**	(372)	(2,136)	(1,037)		**28,708**

The taxable values of property and the resulting Tax Revenues for the Project Area summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Project Area and the property tax assessment and property tax apportionment procedures of the Riverside County Auditor-Controller. The projection illustrates the entire amount of Tax Revenues projected as being available from the Project Area. Future year assessed values and Tax Revenues are projections based on the assumptions described in this Report and are not guaranteed as to accuracy and are not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

The City Council of the City of Moreno Valley adopted the Moreno Valley Redevelopment Plan (the Plan) on December 29, 1987 by Ordinance No. 87-154. The Project Area is approximately 4,676 acres (7.3 square miles), or about 14.2% of the total incorporated area of the City (51.5 square miles). The Project Area consists of commercial, industrial, residential and public land uses including the City's Civic Center complex. The Project Area includes several non-contiguous areas with the largest area located in the westerly area of the City and along the California State Route 60.

A. Land Use

Tables B reflects the breakdown of land uses in the Project Area by the number of parcels and their taxable value for fiscal year 2017-18. This information is based on County land use designations as provided by Riverside County through tax roll data. It should be noted that the County land use designations do not necessarily parallel City land use and zoning designations. Unsecured, Cross Reference and State Board of Equalization Non-Unitary values are associated with secured Assessor parcels that are already accounted for in other categories. Within the Project Area, parcels identified as cross reference parcels include mobile homes and several possessory interest assessments that are the result of long-term land leases.

Table B
Project Area Land Use Categories

Category	No. Parcels	Taxable Value	% of Total
Residential	6,545	$1,602,298,040	49.73%
Commercial	413	881,980,716	27.37%
Industrial	59	384,957,324	11.95%
Vacant	533	91,443,997	2.84%
Miscellaneous	1	968,738	0.03%
Recreational	7	39,046,803	1.21%
Government Owned	2	1,387,073	0.04%
Institutional	23	2,838,848	0.09%
Exempt	173	0	0.00%
Subtotals	**7,756**	**$3,004,921,539**	**93.26%**
Cross Reference Parcels		14,311,418	0.44%
Unsecured		202,765,913	6.29%
Subtotals		**$217,077,331**	**6.74%**
Totals:	**7,756**	**$3,221,998,870**	**100.0%**

B. Redevelopment Plan Limits

In accordance with the Law as it existed prior to the adoption of ABx1 26, redevelopment plans adopted after October 1, 1976 were required to include a limitation on the number of tax increment dollars that could be allocated to the Former RDA, and a time limit on the establishment of indebtedness to be repaid with tax increment. In addition, if the plan authorizes the issuance of tax allocation bonds, a limit on the amount of bonded indebtedness that may be outstanding at one time must be included.

Chapter 942, Statutes of 1993, was adopted by Assembly Bill 1290 and established further limits on redevelopment plans. Chapter 942 restricted the life span of redevelopment plans adopted prior to 1994. The time limit for establishing indebtedness was limited to 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever was later. The life of the existing redevelopment plans was limited to 40 years from the date of adoption or January 1, 2009, whichever is later. Finally, a redevelopment agency was restricted from paying indebtedness with tax increment beyond 10 years after termination of the redevelopment plan effectiveness except to fund deferred Housing Set-Aside Requirements and to repay indebtedness incurred prior to January 1, 1994. The City Council did not amend the Redevelopment Plan pursuant to Chapter 942 since the Redevelopment Plan limits conformed to the new legislation.

The City Council has not adopted amendments to the Redevelopment Plan that would have revised the Redevelopment Plan limits as allowed by the Law as amended by Senate Bill 1045 (see Section VI Legislation) or as amended by Senate Bill 1096. The Former RDA made the requisite ERAF payments required by Senate Bills 1045 and 1096 as required.

The redevelopment plan limits for the Project Area are summarized in Table C below. On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented revisions to the Health and Safety Code as it impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of tax increment limits, limits on redevelopment activities and time limits on repayment of indebtedness except for contractual agreements that had been structured to terminate based on a project area reaching its tax increment and/or time limits. Tax increment revenues will be allocated to the RPTTF from the Project Area for as long as necessary to repay enforceable obligation except to the extent that an enforceable obligation is limited in its duration by the time or tax increment limits contained in the Project Area redevelopment plan.

Table C
Former Redevelopment Plan Limits[1]

Last Date to Incur Debt	Plan Expiration	Last Date to Repay Debt	Bonded Indebtedness Limit	Tax Increment Limits
December 29, 2007	December 29, 2028	December 29, 2038	$247.8 million	$821.2 million

Based on data provided by the County Auditor-Controller and Successor Agency, through fiscal year 2015-16, the gross revenue allocated to the Project Area was $297.9 million. Of this amount, $83.34 million was passed through to taxing entities pursuant to tax sharing agreements. The pass-

[1] The legislature adopted Senate Bill 107 that made a number of revisions to the redevelopment law and to the dissolution legislation. Among these revisions was the elimination of the effectiveness of time and tax increment limits. The limits reflected in Table C are those limits as they existed prior to the adoption of Senate Bill 107 and are currently without effect.

through payment amounts do not include amounts received by the City after it began to provide its own fire and library services. Complete revenue data for fiscal year 2016-17 is not yet available.

III. Project Area Assessed Values

A. Assessed Values

Taxable values for all parcels are prepared by the County Assessor and reported by the County Auditor-Controller each fiscal year. These values represent the aggregation of all locally assessed properties that are part of the Project Area. The assessments are assigned to Tax Rate Areas ("TRA") that are collectively coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area and its Sub-Areas were reviewed to ascertain the rate of taxable property valuation growth over the ten most recent fiscal years beginning with 2008-09.

Project Area

From 2008-09 through 2017-18, Project Area values reflect strong growth until 2009-10 and then experienced declines in value for 2010-11, 2011-12 and 2012-13. The declines in value for these three years totaled $217.3 million (-8.33%). The largest reductions in value were experienced by residential land uses, however, commercial and vacant land values experienced significant reductions as well. These reductions in value occurred as the economy in the Southern California was stressed by the general economic recession. Beginning with an increase in value for 2013-14 of 3.2%, recovery of the value declines has steadily progressed. For 2013-14 through 2017-18 values have increased by $754.1 million (30.55%). Values for 2017-18 are now $371 million (13.02%) greater than the peak value in 2008-09 prior to the values losses caused by the recent recession. Growth in assessed value has been almost entirely based on secured value increases since unsecured values make up only 6.29% of all taxable value. Despite a slight decline (-1.43%) in Unsecured values for 2017-18, these values have, generally, increased very consistently over the ten-year period reviewed despite the recent recession.

Proposition 8 Value Reductions/Recovery

The Riverside County Assessor has reviewed and made adjustments to the values of residential properties sold after July 2004 pursuant to the requirements of Proposition 8. The constitution requires the Assessor to enroll a property's value at the lesser of the prior year value adjusted for inflation or the current market value. At the peak of these value reductions in 2009, within the Project Area there were 2,693 parcels that had been reduced in value pursuant to Prop 8 and these properties were $304.5 million below their adjusted base values. For 2017-18 within the Project Area, there are 500 parcels that have been reduced in value under Proposition 8. These properties are currently enrolled at values that are, on average, 34.34% lower than the property's inflation adjusted base value. This represents a total of $78.21 million in value that is eligible to be recovered under Proposition 8 as assessed values recover. These parcels reduced under Proposition 8 represent 6.4% of all parcels located in the Project Area. For 2017-18, there was a total of $17.98 million in value recovered from values reduced under Prop 8 in prior years. This was 10.33% of all value growth for 2017-18.

Within the Project Area, the amount of value being recovered on properties reduced in value pursuant to Prop 8 has decreased in each of the last three fiscal years. This is partially due to a leveling out of increases in median sales prices on homes in the Project Area and in other areas of the Inland Empire and partially due to there being fewer properties in the pool that are easily determined to have gained market value. We would expect that assessed values in the Project Area will continue to be benefitted by the recovery of values reduced under Prop 8 but we have no reasonable means of projecting that value gain. No such increase in value for properties reduced under Prop 8 has been factored into the projections.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Project Area for fiscal year 2017-18 was conducted. The assessed values of those properties controlled by the top ten taxpayers were compared to the total assessed value and incremental value of the Project Area. The following Table D summarize the attributes of the top ten taxpayers for the Project Area. A more complete outline of the top taxpayer information is contained on Table 4 of the attached tax increment projections.

Table D
Project Area Top Ten Taxpayers

Property Owner	Combined Value	% of Total Value	% of Incremental Value	Primary Land Use
Western A West California LLC (1)	$159,642,240	4.95%	6.02%	Industrial/Manufacturing Buildings
Towngate On Memorial Apartments	98,558,244	3.06%	3.71%	Residential Apartments
2250 Town Circle Holdings (1)	75,799,105	2.35%	2.86%	Moreno Valley Mall Main Parcels
Day Street Owner LLC (1)	70,003,439	2.17%	2.64%	Villas at Towngate Apartments
Brixton Alto Shopping Center (1)	46,675,781	1.45%	1.76%	Towngate Shopping Center
Rancho Belago Apartments LLC (1)	42,994,346	1.33%	1.62%	Rancho Belago Apartment Homes
Overlook at Rancho Belago Development	41,361,000	1.28%	1.56%	Broadstone Overlook Apartments
BRE Paragon MF Alvista Towngate CA	41,066,914	1.27%	1.55%	Alvista Towngate Apartments
Buckhead Cactus Commerce	39,795,832	1.24%	1.50%	United Natural Foods - Processing
Liberty Properties LP (1)	35,741,846	1.11%	1.35%	Federal Mogul Tool Manufacturing
Top Property Owner Total Value	**$651,638,747**			
Project Area Assessed Value	**$3,221,998,870**	**20.22%**		
Project Area Incremental Value	**$2,653,162,702**		**24.56%**	

(1) These taxpayers have pending assessment appeals on parcels owned (see Section IV F).

Western A West California LLC is the largest taxpayer within the Project Area. The 4 parcels owned by Western A West California LLC included several industrial and manufacturing buildings on adjacent parcels. Five of the top ten taxpayers own properties occupied by residential apartment developments. These five taxpayers account for a total of $294 million in taxable value that is 9.12% of the total value within the Project Area. 2250 Town Circle Holdings is the owner of the main parcels for the Moreno Valley Mall that is located to the south of California State Route 60 and east of Day Street.

Western A West California LLC has filed an assessment appeal for its 2016-17 valuation on one of the parcels that it owns. This appeal is currently pending. 2250 Town Circle Holdings has filed an assessment appeal for 2015-16 on 1 of its parcels. Day Street Owner LLC, Brixton Alto Shopping Center, Rancho Belago Apartments LLC and Liberty Properties LP all have pending appeals on parcels that they own within the Project Area. These six taxpayers are the only ones within the top ten taxpayers for the Project Area that have pending appeals on file. The top taxpayers in the Project Area with pending assessment appeals are seeking a combined reduction in value of $126.5 million. If all six taxpayers were successful in having their values reduced as requested, the reduction would be 4.77% of the Project Area's current incremental value. Table E below tabulates the pending appeals for these owners.

Table E
Pending Appeals Among Project Area Top Ten Taxpayers

Taxpayer	FY Appealed	No. Parcels	Enrolled Value Under Appeal	Owner Opinion of Value	Max. Potential Value Loss
Western A West California LLC	2016-17	1	93,472,000	72,500,000	**20,972,000**
2250 Town Circle Holdings	2015-16	1	61,082,083	0	**61,082,083**
Day Street Owner LLC	2015-16	1	46,730,966	23,304,830	**23,426,136**
Brixton Alto Shopping Center	2016-17	1	2,381,727	1,500,000	**881,727**
Rancho Belago Apartments LLC	2016-17	1	42,132,875	25,280,000	**16,852,875**
Liberty Properties LP	2015-16	1	34,514,680	24,427,084	**10,087,596**

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reason for reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or new construction occurs. Following the fiscal year that a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not refer to the base year value of the Project Area. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through fiscal year 2016-17 there were ten occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in a reduction to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from

October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. The table below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the estimated adjustment factor for the next fiscal year.

Table F
Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%
2017-18	2.000%

On December 13, 2016, the Board determined that the inflationary adjustment for fiscal year 2017-18 would be 2.00%. This factor was incorporated into the values published by the Assessor for the current fiscal year. For purposes of the projection we have assumed that the inflation adjustment factor for future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 33 of the 44 years since the adoption of Proposition 13.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have **not** included revenues resulting from Supplemental Assessments in the projections. Table G illustrates the amounts of Supplemental Revenues that have been received by the Successor Agency for the Project Area to date in the current fiscal year and during the previous three full fiscal years. The complete data for fiscal year 2016-17 is not yet available.

Table G
Historical Supplemental Revenue Allocations

Fiscal Year	Supplemental Revenue
2013-14	$235,058
2014-15	190,391
2015-16	658,232
2016-17[1]	583,968

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and within the Project Area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable value and the over-ride tax rate, if any. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition XIII.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year due to (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and, (2) the eventual retirement of debt over time. There are two debt service over-ride tax rates levied within the Project Area that received voter approval prior to December 31, 1988. These tax rates are levied by the Metropolitan Water District East and by the Eastern Municipal Water Improvement District for payment of the cost of water purchases pursuant to State water contracts. In addition, there are voter approved debt service tax rates levied by the Moreno Valley Unified School District, the Val Verde Unified School District and the Riverside Community College District. These tax rates were approved by voters after December 31, 1988 and have never produced tax increment revenue that was allocated to the Project Area.

ABx1 26 was adopted in late June 2011 (see Legislation, Section VI). Section 34183(a)(1) of that legislation requires the Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This was initially interpreted by Riverside County to include all revenues resulting from the override tax rates that are being levied by any taxing entity within the County and that had received voter approval prior to December 31, 1988.

SB 107 has amended several of the provisions of ABx1 26 and AB 1484. With regard to debt service override tax rates levied for pension fund programs and state water contracts, the revenue generated from these tax rates, including that revenue generated by the Metropolitan Water District East (the "MWD") and Eastern Municipal Water Improvement District state water contract override tax rates (see below) will no longer be allocated to the Successor Agency unless these

[1] Supplemental revenues shown for 2016-17 reflect only those amounts allocated for the 16-17B and 17-18A RPTTF allocation.

revenues have been pledged to the payment of debt service on bonds. Any debt service override tax rate revenues that have been pledged to debt service but are not needed to make the debt service payments on the bonds will be allocated directly to the entities that have levied the override tax rate.

As a result, the tax increment revenues used in this projection are derived only from the general levy tax rate. The components of the total tax rates for 2016-17 that are applied within the tax rate areas of the Project Area for 2016-17 are reflected in Table H below. The tax rates for 2017-18 are not yet available but are not expected to change to any significant degree.

Table H
2016-17 Secured Tax Rates

	Tax Rate 1	Tax Rate 2	Tax Rate 3	Tax Rate 4	Tax Rate 5
General Levy	1.00000	1.00000	1.00000	1.00000	1.00000
RDA Eligible D/S Rates	.00000	.00000	.00000	.00000	.00000
Total RDA Eligible Tax Rate:	**1.00000**	**1.00000**	**1.00000**	**1.00000**	**1.00000**
Non-RDA Eligible Tax Rates					
Moreno Valley USD	.10320	.00000	.00000	.10320	.10320
Val Verde USD	.00000	.07210	.07210	.00000	.00000
Riverside Community College	.01649	.01649	.01649	.01649	.01649
Metropolitan Water District East	.00350	.00350	.00350	.00350	.00000
Eastern Municipal Water Imp. Dist.	.00000	.01100	.00000	.01100	.00000
Total Tax Rate:	**1.12319**	**1.10309**	**1.09209**	**1.13419**	**1.11969**

D. Allocation of Taxes

Taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to February 1, 2012, the County utilized a method for the distribution of tax revenue to redevelopment agencies that provided them with tax increment revenue and was effectively like a Teeter Plan. Under this method redevelopment agencies in Riverside County received 100 percent of the taxes levied on the extended tax roll subject to correction, cancellation and refunds. The tax revenues of the Former RDA were not subject to revenue loss due to delinquencies or gains due to redemption of unpaid taxes. The Auditor-Controller has continued to use this method for allocation of tax increment revenue after the dissolution of redevelopment agencies. The County of Riverside does not publish delinquency data for redevelopment project areas or agencies and they do not publish such information on a city level either. Collections within the County for the prior five fiscal years is reflected in Table I below. Collections data for fiscal year 2016-17 is not yet available.

Table I
Riverside County Property Tax Collection History

	2011-12	2012-13	2013-14	2014-15	2015-16
Original Charge	$1,910,670,862	$1,905,666,422	$1,990,092,695	$2,159,533,173	$2,284,563,809
Adjustments	-9,280,041	-847,458	-2,390,036	-3,203,626	-4,591,583
Adjusted Charge	1,901,390,820	1,904,818,964	1,987,702,659	2,156,329,547	2,279,972,226
Collections	1,854,148,900	1,866,014,337	1,955,225,438	2,125,700,651	2,249,095,703
Collection %	97.52%	97.96%	98.37%	98.58%	98.65%

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the Former RDA.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the CDA that must be paid during the upcoming six-month periods of January 1 through June 30 and July 1 through December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be submitted at least 90 days prior to each RPTTF allocation date and approved by the Successor Agency's Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the "DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all. As the result of the recent adoption of SB 107, beginning with the ROPS submittal for the June 1, 2016 RPTTF allocation, a single ROPS will be approved for a full year of RPTTF allocations. The ROPS approved for the June 1, 2016 RPTTF allocation will also include the payment obligations for the January 2, 2017 RPTTF allocation. There is provision in the law for the approved ROPS to be amended one time after its initial approval but only to revise a payment amount to be made during the second RPTTF allocation (January 1 through June 30) and only with Oversight Board approval.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

As a result of passage of SB 107, commencing July 1, 2016 the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and any city loan repayment amounts.

If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and any city loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and any city loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements and/or statutorily required tax sharing obligations, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations, below). The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

The following Table J reflects the actual allocation of tax revenues for fiscal years 2012-13 through 2016-17 to date.

Table J
Successor Agency RPTTF Allocations

Fiscal Years	ROPS Filed	RPTTF Deposits	County Admin. Charges	Pass Through Distributions	Allocated for Enforceable Obligations	Residual Revenue
2012-13	ROPS 3 & 13-14A	19,280,341	272,872	9,967,074	8,519,542	520,853
2013-14	13-14B & 14-15A	21,245,948	261,582	11,429,278	6,305,087	3,250,001
2014-15	14-15B & 15-16A	21,503,572	300,736	10,957,168	6,189,541	4,056,127
2015-16	15-16B & 16-17A	23,991,298	261,833	12,313,172	5,877,243	5,539,050
2016-17	16-17B & 17-18A	25,835,429	304,762	13,311,061	5,942,322	6,266,609

E. Assessment Appeals

Assessment appeals granted under Section 51 of the Revenue and Taxation Code (also known as Prop 8 Appeals) require that, for each subsequent lien date, the value of real property shall be adjusted to be the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under this code section may be initiated by the Assessor or requested by the property owner.

After a roll reduction is granted under Section 51, the property is reviewed on an annual basis to determine the full cash value of the property and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases shall be consistent with the full cash value of the property and, as a result, may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation it, once again, is subject to the annual inflationary factor growth rate allowed under Article XIIIA. (See Section X).

Assessment appeals may also be requested as adjustments to a property's base year value. If such an appeal is granted with a change in value, the base year value of the property is adjusted accordingly and that value is subsequently adjusted for new construction, demolition and any other changes requiring revaluation of the parcel's land, improvement and personal property values and by the annual inflationary factor growth rate allowed under Article XIIIA.

For fiscal years 2012-13 through 2016-17 and based on hearing data through July 20, 2017 there are 108 pending assessment appeals within the Project Area. The values under appeal total $723 million and the owners are seeking reductions totaling $317.7 million (-43.94%). Based on the average number of appeals allowed over the past five years and the average reduction in value achieved in those successful appeals, we estimate that 51 of the currently pending appeals will be allowed with a reduction of $73.5 million. The expected reduction in value has been incorporated into the projection as a reduction in assessed value for fiscal year 2018-19.

Table K below shows the number of appeals that are pending, the values under appeal within the Project Area.

Table K
Historical Assessment Appeal Summary
Fiscal Years 2012-13 through 2016-17

Total Appeals Filed	No. of Resolved Appeals	No. of Appeals Allowed	Average Reduction	No. of Appeals Pending	Value Under Appeal	Est. Appeals to be Allowed	Est. AV Loss on Pending Appeals Allowed (2018-19 AV Adj.)
245	137	65	21.41%	108	$723,024,003	51	$73,449,549

G. County Property Tax Collection Reimbursement

Chapter 466, adopted by Senate Bill 2557, allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. The amounts that are reimbursed are the costs connected with the collection and distribution of property taxes for the Tax Collector, the Auditor Controller and the Assessor. The portions of the reimbursement amount that are allocated to each taxing entity within the County are based on the percentage of the total assessed value in the County that each taxing entity's assessed value represents. The Project Area's Property Tax Collection Reimbursement charge for 2016-17 was $288,246. This amount is approximately 1.15% of the 2016-17 Gross Tax Revenues for the Project Area. The estimated charge for 2017-18 and future years is based on this same percentage of Gross Tax Revenue.

In addition to the amounts charged by the County for administration of property taxes under SB 2557, pursuant to ABx1 26, the County may charge an administrative fee for administration of the

RPTTF. The amount charged to the Successor Agency for the January 2, 2017 and June 1, 2017 RPTTF allocations was $10,547 and $16,644 respectively. This nominal amount has not been factored into the projections.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to fiscal year 1988-89, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenues above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

The amount of unitary revenues allocated to the Project Area for 2016-17 is $212,542. The projection assumes that unitary revenue will continue to be allocated in this same amount for all years within the projection.

V. Low and Moderate-Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 % of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate-income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of ABx1 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the Project Area.

VI. Legislation

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Former RDA could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate-Income Housing Fund (the "Housing Fund") to satisfy this obligation. From fiscal years 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the fiscal year 2002-03 State Budget required a shift of $75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB

1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the fiscal year 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's fiscal year 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit. The passage of SB 107 has eliminated these time limits effective for all fiscal years after the adoption by the State of the legislation dissolving redevelopment agencies.

After the State's budget for fiscal year 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of $250 million to ERAF for fiscal year 2004-05 and for fiscal year 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus existed. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), $1.7 billion in fiscal year 2009-10 and were required to pay another $350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May 2010 and May 2011 respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016 respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing

Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual Residual Revenues that are above the Residual Revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Agency established pursuant to ABx1 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in Residual Revenue. As a result, the repayment of these amounts will have no impact on the Successor Agency's ability to repay indebtedness.

ABx1 26 and ABx1 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. ABx1 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. ABx1 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2012, the Supreme Court ruled that ABx1 27 was unconstitutional and that ABx1 26 was not unconstitutional. On June 27, 2012, the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of ABx1 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the annual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. Effective July 1, 2018, there will be a single Oversight Board in each county that will be responsible for adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six-month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June1 of each year.

In 2015 the legislature approved SB 107. Among the changes to the dissolution statutes that were included in SB 107 was the affirmative elimination of the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas. Section 34189(a) now provides that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached. It doesn't appear that any of the obligations of the Successor Agency will be affected by this change to the law.

Numerous lawsuits have been filed on various aspects of ABx1 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections could be impacted as a result of future court decisions.

VII. Tax Sharing Agreements and Other Obligations

When the Project Area was adopted, the Former RDA entered into a number of tax sharing agreements with affected taxing entities. A discussion of the terms of these agreements follows.

Riverside County General Fund

The agreement with Riverside County provides that the County entities will receive no pass-through payments until gross tax increment revenue reaches an annual level of $7 million per year. The agreement then requires that 100% of revenue above this $7 million per year amount will be allocated to the County to a maximum of $5 million per year and only to a cumulative total of $75 million. The cumulative total amount allocated to the County pursuant to this aspect of the agreement is $61.7 million through 2016-17. In addition, the County is to receive 50% of all tax increment revenue that is above $12 million in each fiscal year. Tax increment revenue reached the $7 million level in 2003-04 triggering payments to the County. In 2005-06 tax increment revenues exceeded $12 million. Once the cumulative total of $75 million has been reached, the $5 million per year amounts being paid to the County will cease. At this point, the Successor Agency will continue to receive 100% of the first $7 million of tax increment revenue and the County and Successor Agency will both receive one half of the balance of any remaining revenue. This $75 million limit will be exceeded in FY2019-20 and the pass-through amount to the County General Fund will then revert to 50% of all tax increment revenue above $7 million per year.

The terms of this agreement provide that the required payments will be subordinate to the payment of debt service on the Bonds.

Riverside County Flood Control District

The Former RDA entered into an agreement with the Riverside County Flood Control District that requires payments to be made based 50% of the District's share (5.12%) of tax increment revenue that is above $12 million per year and provision was made such that the Former RDA would retain such portion of the remaining 50% of the District's share based on the cost of certain flood control improvements funded and installed by the Former RDA. No further flood control improvements are being completed by the Successor Agency and the pass-through amount is projected to be 100% of the Flood Control District's share of tax increment revenue that is above the $12 million annual threshold.

Section 33676 Inflationary Payments to School Entities

Pursuant to the former Section 33676 of the Law, within redevelopment project areas adopted between 1985 and 1994, taxing entities were permitted to elect to receive their proportional shares of general levy revenue derived from inflationary growth on the Project Area's base year real property value. In 2001, the decision in Santa Ana Unified School District v. Orange County Development Agency provided that school entities that had not entered into tax sharing agreements with a redevelopment agency were entitled to payments under the former Section 33676 even if they had not adopted resolutions electing to receive these payments in the manner required by this statute.

Within the Project Area, payments under this statute are being received by the Moreno Valley Unified School District, the Val Verde Unified School District, the Riverside County Office of Education and the Riverside Community College District.

<u>Senior Bonds Debt Service Payments</u>

The Successor Agency is obligated to the payment of amounts as reimbursement for special tax levies for Community Facility District bonds and certain loan agreements with the City of Moreno Valley. Debt service payments on the Community Facilities District 87-1 2007 Refunding Bonds and the Community Facilities District 87-1 2007 Improvement Area 1 Bonds are obligations of the Successor Agency with a lien on tax increment revenue that is senior to that of the Bonds. The debt service amounts on these obligations is deducted from tax increment revenues prior to the determination of Tax Revenue. The 2007 Refunding Bonds debt service will be fully repaid after fiscal year 2020-21. The 2007 Improvement Area 1 Bonds debt service will be full repaid after fiscal year 2022-23.

The City of Moreno Valley owns certain notes connected with the Moreno Valley Mall development that require repayment of from tax increment revenues. These payments have been subordinated to the payment of debt service on the Bonds and are no considered within the projections.

VIII. Transfers of Ownership

Value will be added to the projected values for fiscal year 2018-19 as the result of transfers of ownership that occurred after the January 1, 2017 lien date for the 2017-18 tax roll. These parcel transfers will add new value to the 2018-19 tax rolls as illustrated in Table L below.

Table L
Value Added to Projected Tax Rolls
From Transfers of Ownership

	No. of Transfers of Ownership	Value To Be Added
Value added to 2018-19 Tax Roll	248	$27,084,124

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but ten years since 1981. The years in which less than 2% growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%) and 2016-17 (1.525%). The Board announced on December 13, 2016 that the annual inflationary adjustment for 2017-18 would be 2%. We have assumed this same adjustment in all subsequent fiscal years. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Moreno Valley Successor Agency
Moreno Valley Redevelopment Project

Projection of Incremental Taxable Value & Tax Increment Revenue
(000's Omitted)
Table 1

8/16/2017

		2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Taxable Values (1)											
Real Property (2)		3,110,753	3,125,134	3,187,636	3,251,389	3,316,417	3,382,745	3,450,400	3,519,408	3,589,796	3,661,592
Personal Property (3)		111,246	111,246	111,246	111,246	111,246	111,246	111,246	111,246	111,246	111,246
Total Projected Value		**3,221,999**	**3,236,380**	**3,298,882**	**3,362,635**	**3,427,663**	**3,493,991**	**3,561,646**	**3,630,654**	**3,701,042**	**3,772,838**
Taxable Value over Base	**568,836**	**2,653,163**	**2,667,543**	**2,730,046**	**2,793,799**	**2,858,827**	**2,925,155**	**2,992,810**	**3,061,818**	**3,132,206**	**3,204,002**
Gross Tax Increment Revenue (4)		26,532	26,675	27,300	27,938	28,588	29,252	29,928	30,618	31,322	32,040
Unitary Tax Revenue		213	213	213	213	213	213	213	213	213	213
Gross Revenues		**26,744**	**26,888**	**27,513**	**28,151**	**28,801**	**29,464**	**30,141**	**30,831**	**31,535**	**32,253**
LESS:											
SB 2557 Admin. Fee (5)		(308)	(310)	(317)	(325)	(332)	(340)	(348)	(355)	(364)	(372)
Pass Throughs											
Section 33676 Inflationary Adjustments (6)											
Moreno Valley Unified School District		(1,055)	(1,107)	(1,160)	(1,214)	(1,269)	(1,325)	(1,383)	(1,441)	(1,501)	(1,562)
Val Verde Unified School District		(5)	(5)	(6)	(6)	(6)	(7)	(7)	(7)	(7)	(8)
Riverside Community College District		(210)	(221)	(231)	(242)	(253)	(264)	(276)	(287)	(299)	(311)
Riverside Co. Office of Education		(172)	(181)	(189)	(198)	(207)	(216)	(226)	(235)	(245)	(255)
County Flood Control (7)		(755)	(762)	(794)	(827)	(860)	(894)	(929)	(964)	(1,000)	(1,037)
Senior Bonds Debt Service (8)											
CFD 87-1 2007 Refunding Bonds		(1,027)	(1,025)	(1,029)	(1,026)	0	0	0	0	0	0
CFD 87-1 2007 Improvement Area 1 Bonds		(255)	(257)	(254)	(255)	(255)	(254)	0	0	0	0
Tax Revenues		**22,956**	**23,020**	**23,533**	**24,058**	**25,618**	**26,163**	**26,973**	**27,540**	**28,118**	**28,708**
Subordinate Pass Throughs											
County Taxing Entites (9)		(11,545)	(11,581)	(11,857)	(9,639)	(9,926)	(10,220)	(10,519)	(10,824)	(11,135)	(11,452)
Net Tax Revenues		**11,412**	**11,439**	**11,675**	**14,420**	**15,692**	**15,944**	**16,455**	**16,717**	**16,983**	**17,256**

(1) Taxable values as reported by Riverside County.
(2) Real property consists of land and improvements. Increased for inflation at 2.00% annually. Values for 2018-19 are adjusted for the addition of $27,084,124 in value for sales that have occurred during 2017 and are reduced by $73,449,549 due to expected loss of value due to pending assessment appeals.
(3) Personal property is held constant at 2017-18 level.
(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.
(5) County Administration fee is estimated at 1.15% of Gross Revenue.
(6) Pursuant to HSC Section 33676 these base year adjustment amounts are withheld by the County. Amounts are based on the taxing entities share of general levy revenue derived from inflationary growth on base year real property assessed value.
(7) Couny Flood Control District receives 50% of its share (5.12%) of general levy increment revenue that is above $12 million per year. In addition, the District may receive the remaining 50% of its share depending on the cost of certain improvements the Agency constructs. The Agency is no longer able to construct improvements. The District is assumed to receive 100% of its share of tax revenue above $12 million per year.
(8) Debt service on two bonds secured by special taxes from Community Facilities District 87-1 (Towngate) is senior to the payment of debt service on the Bonds. These include the CFD 87-1 (Towngate) 2007 Special Tax Refunding Bonds and the CFD 87-1 (Towngate) Improvement Area No. 1 Special Tax Refunding Bonds. The debt service on this latter bond issue is 70.3% paid from tax increment revenues.
(9) Riverside County General Fund receives payments pursuant to an agreement that is implemented by the County Auditor Controller such that the Successor Agency receives the first $7 million of tax increment revenue. The County General Fund receives 100% of the next $5 million of tax increment revenue to a cumulative maximum of $75 million. Tax increment that is above $12 million per year, less the Section 33676 Inflationary Adjustments, are divided equally between the Successor Agency and the County General Fund. By 2019-20, the $75 million cumulative limit on the $5 million annual amounts allocated to the County General fund will be reached. Beginning in 2020-21, all tax increment revenue above $7 million will be divided equally between the Successor Agency and the County General Fund.

Moreno Valley Successor Agency
Moreno Valley Redevelopment Project
PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE
(000s Omitted)
Table 2

8/16/2017

			Taxable Value			Section 33676 Inflation Adjustments					CFD 87-1 Senior Bonds				
		Total	Over Base	Gross Tax	SB 2557	Moreno Valley	Val Verde	Riverside Comm.	Riverside Co.	Flood Control	2007 Ref. Bond	2007 Imp. Area 1	Tax	Riverside Co.	Net Tax
		Taxable Value	568,836	Revenue	Charge	USD	USD	College	Office of Ed.	District	Debt Service	Debt Service	Revenues	Gen. Fund	Revenues
1	2017-18	3,221,999	2,653,163	**26,744**	(308)	(1,055)	(5)	(210)	(172)	(755)	(1,027)	(255)	**22,956**	(11,545)	**11,412**
2	2018-19	3,236,380	2,667,543	**26,888**	(310)	(1,107)	(5)	(221)	(181)	(762)	(1,025)	(257)	**23,020**	(11,581)	**11,439**
3	2019-20	3,298,882	2,730,046	**27,513**	(317)	(1,160)	(6)	(231)	(189)	(794)	(1,029)	(254)	**23,533**	(11,857)	**11,675**
4	2020-21	3,362,635	2,793,799	**28,151**	(325)	(1,214)	(6)	(242)	(198)	(827)	(1,026)	(255)	**24,058**	(9,639)	**14,420**
5	2021-22	3,427,663	2,858,827	**28,801**	(332)	(1,269)	(6)	(253)	(207)	(860)		(255)	**25,618**	(9,926)	**15,692**
6	2022-23	3,493,991	2,925,155	**29,464**	(340)	(1,325)	(7)	(264)	(216)	(894)		(254)	**26,163**	(10,220)	**15,944**
7	2023-24	3,561,646	2,992,810	**30,141**	(348)	(1,383)	(7)	(276)	(226)	(929)			**26,973**	(10,519)	**16,455**
8	2024-25	3,630,654	3,061,818	**30,831**	(355)	(1,441)	(7)	(287)	(235)	(964)			**27,540**	(10,824)	**16,717**
9	2025-26	3,701,042	3,132,206	**31,535**	(364)	(1,501)	(7)	(299)	(245)	(1,000)			**28,118**	(11,135)	**16,983**
10	2026-27	3,772,838	3,204,002	**32,253**	(372)	(1,562)	(8)	(311)	(255)	(1,037)			**28,708**	(11,452)	**17,256**
11	2027-28	3,846,070	3,277,234	**32,985**	(380)	(1,624)	(8)	(324)	(265)	(1,074)			**29,309**	(11,776)	**17,533**
12	2028-29	3,920,766	3,351,930	**33,732**	(389)	(1,688)	(8)	(336)	(275)	(1,113)			**29,922**	(12,106)	**17,817**
13	2029-30	3,996,957	3,428,121	**34,494**	(398)	(1,752)	(9)	(349)	(286)	(1,152)			**30,548**	(12,442)	**18,106**
14	2030-31	4,074,671	3,505,835	**35,271**	(407)	(1,818)	(9)	(362)	(297)	(1,191)			**31,186**	(12,786)	**18,400**
15	2031-32	4,153,940	3,585,103	**36,064**	(416)	(1,886)	(9)	(376)	(308)	(1,232)			**31,837**	(13,136)	**18,701**
16	2032-33	4,234,793	3,665,957	**36,872**	(425)	(1,954)	(10)	(390)	(319)	(1,273)			**32,501**	(13,494)	**19,008**
17	2033-34	4,317,264	3,748,428	**37,697**	(435)	(2,024)	(10)	(403)	(330)	(1,316)			**33,179**	(13,858)	**19,320**
18	2034-35	4,401,385	3,832,549	**38,538**	(444)	(2,096)	(10)	(418)	(342)	(1,359)			**33,869**	(14,230)	**19,639**
19	2035-36	4,487,187	3,918,351	**39,396**	(454)	(2,168)	(11)	(432)	(354)	(1,403)			**34,574**	(14,609)	**19,965**
20	2036-37	4,574,706	4,005,870	**40,271**	(464)	(2,243)	(11)	(447)	(366)	(1,447)			**35,293**	(14,996)	**20,297**
21	2037-38	4,663,976	4,095,139	**41,164**	(475)	(2,318)	(11)	(462)	(378)	(1,493)			**36,026**	(15,390)	**20,635**
22	2038-39	4,755,030	4,186,194	**42,074**	(485)	(2,396)	(12)	(478)	(391)	(1,540)			**36,774**	(15,793)	**20,981**
				740,877	(8,542)	(36,984)	(183)	(7,372)	(6,037)	(24,414)	(4,106)	(1,531)	**651,707**	(273,312)	**378,395**

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Moreno Valley Successor Agency
Moreno Valley Redevelopment Project
HISTORICAL VALUES (1)
Table 3

8/16/2017

Secured (2)	Base Year 1987-88	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Land	194,102,637	786,333,704	675,195,895	668,340,899	674,341,429	685,081,610	702,873,643	749,830,850	779,849,366	829,673,532	863,846,497
Improvements	348,007,136	1,985,296,782	1,806,455,687	1,690,864,663	1,630,832,566	1,624,448,699	1,694,593,183	1,839,043,130	1,979,895,472	2,104,899,288	2,251,973,867
Personal Property	2,492,180	17,245,701	17,890,529	16,343,858	16,924,337	15,225,429	14,640,846	14,499,367	13,896,784	11,809,916	10,156,654
Exemptions	(2,988,915)	(75,102,870)	(84,383,020)	(81,641,441)	(87,627,173)	(97,528,984)	(106,959,878)	(101,257,565)	(85,223,592)	(104,225,387)	(106,744,061)
Total Secured	**541,613,038**	**2,713,773,317**	**2,415,159,091**	**2,293,907,979**	**2,234,471,159**	**2,227,226,754**	**2,305,147,794**	**2,502,115,782**	**2,688,418,030**	**2,842,157,349**	**3,019,232,957**
Unsecured											
Land	92,332	39,412	30,194	1,295	1,262	1,270	1,262	1,237	1,237	1,237	1,204
Improvements	13,225,373	59,476,036	78,240,894	70,850,656	76,301,810	91,940,190	90,278,079	95,650,660	90,010,921	101,005,322	101,675,633
Personal Property	13,905,425	77,690,435	79,053,175	86,577,735	86,568,885	72,401,822	72,574,627	80,089,304	82,613,675	104,826,338	101,175,879
Exemptions	0	(147,736)	(201,411)	(188,862)	(190,318)	(221,432)	(60,700)	(58,742)	(62,925)	(124,426)	(86,803)
Total Unsecured	**27,223,130**	**137,058,147**	**157,122,852**	**157,240,824**	**162,681,639**	**164,121,850**	**162,793,268**	**175,682,459**	**172,562,908**	**205,708,471**	**202,765,913**
GRAND TOTAL	**568,836,168**	**2,850,831,464**	**2,572,281,943**	**2,451,148,803**	**2,397,152,798**	**2,391,348,604**	**2,467,941,062**	**2,677,798,241**	**2,860,980,938**	**3,047,865,820**	**3,221,998,870**
Annual % Change of Value:		401.17%	-9.77%	-4.71%	-2.20%	-0.24%	3.20%	8.50%	6.84%	6.53%	5.71%
Incremental Value:		2,281,995,296	2,003,445,775	1,882,312,635	1,828,316,630	1,822,512,436	1,899,104,894	2,108,962,073	2,292,144,770	2,479,029,652	2,653,162,702

(1) Source: County of Riverside
(2) Secured values include state assessed non-unitary utility property.

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Moreno Valley Successor Agency
Moreno Valley Redevelopment Project
TOP TEN TAXABLE PROPERTY OWNERS
Fiscal Year 2017-18
Table 4

8/16/2017

	Secured			Unsecured			Total			
	Assessed Value	Parcels	Percentage	Assessed Value	Parcels	Percentage	Assessed Value	% of Project Taxable Value	% of Project Inc. Value	**Property Uses**
1. Western A West California LLC (Pending Appeals On Parcels)	$159,642,240	4	5.29%	$0	0	0.00%	$159,642,240	4.95%	6.02%	Industrial/Manufacturing Buildings
2. Towngate On Memorial Apartments LLC	$98,558,244	1	3.26%	$0	0	0.00%	$98,558,244	3.06%	3.71%	Residential Apartments
3. 2250 Town Circle Holdings (Pending Appeals On Parcels)	$75,396,820	2	2.50%	$402,285	1	0.20%	$75,799,105	2.35%	2.86%	Moreno Valley Mall Main Parcels
4. Day Street Owner LLC (Pending Appeals On Parcels)	$70,003,439	1	2.32%	$0	0	0.00%	$70,003,439	2.17%	2.64%	Villas at Towngate Apartments
5. Brixton Alto Shopping Center (Pending Appeals On Parcels)	$46,675,781	20	1.55%	$0	0	0.00%	$46,675,781	1.45%	1.76%	Towngate Shopping Center
6. Rancho Belago Apartments LLC (Pending Appeals On Parcels)	$42,994,346	1	1.42%	$0	0	0.00%	$42,994,346	1.33%	1.62%	Rancho Belago Apartment Homes
7. Overlook At Rancho Belago Development	$41,361,000	1	1.37%	$0	0	0.00%	$41,361,000	1.28%	1.56%	Broadstone Overlook Apartments
8. BRE Paragon MF Alvista Towngate CA	$41,066,914	1	1.36%	$0	0	0.00%	$41,066,914	1.27%	1.55%	Alvista Towngate Apartments
9. Buckhead Cactus Commerce	$39,795,832	1	1.32%	$0	0	0.00%	$39,795,832	1.24%	1.50%	United Natural Foods - Processing
10. Liberty Properties LP (Pending Appeals On Parcels)	$35,741,846	1	1.18%	$0	0	0.00%	$35,741,846	1.11%	1.35%	Federal Mogul Tool Manufacturing
Totals:	$651,236,462	33		$402,285	1		$651,638,747			
Total Assessed Values:	$3,019,232,957		21.57%	$202,765,913		0.20%	$3,221,998,870	20.22%		
Incremental Assessed Value:	2,477,619,919		26.28%	175,542,783		0.23%	2,653,162,702		24.56%	

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Moreno Valley Successor Agency
Moreno Valley Redevelopment Project
Transfers of Ownership/New Development
Table 5

8/16/2017

000's omitted

Real Property Value	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2018-19	2019-20	2020-21	2021-22
	0	$0.00	$0	$0	$0			0	0	0	0
	0	$0.00	$0	$0	$0			0	0	0	0
	0	Lump Sum	$0	$0	0			0	0	0	0
Transfers of Ownership after 1/1/2017	248	Lump Sum	$87,112,436	$60,028,312	27,084			27,084	0	0	0
Total Real Property Value			**$87,112,436**	**$60,028,312**	**27,084**			**27,084**	**0**	**0**	**0**
Total Real Property inc. Inflation Adj. @ 2% per year									$0	$0	$0

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APPENDIX B

SUMMARY OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture of Trust (the "Indenture") authorizing the Series 2017 Bonds that are not otherwise described in the text of this Official Statement. Such summary is not intended to be definitive, and reference is made to the actual Indenture (copies of which may be obtained from the Trustee) for the complete terms thereof.

DEFINITIONS

Unless the context otherwise requires, the terms defined below shall for all purposes of the Indenture and of the Bonds and of any certificate, opinion, report, request or other document therein mentioned have the meanings specified below.

"Additional Bonds" shall mean all tax allocation bonds of the Agency authorized and executed pursuant to the Indenture and issued and delivered in accordance with the Indenture as summarized herein under the caption "ISSUANCE OF ADDITIONAL BONDS."

"Agency" shall mean the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley, as successor to the Former RDA in accordance with the Dissolution Act.

"AGM" shall mean Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof, as issuer of the 2017 Reserve Policy.

"**Annual Debt Service"** shall mean, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds and any Parity Debt in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking account redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking account redemptions due in such Bond Year).

"Authorized Denomination" shall mean $5,000 principal amount of Bonds, or any integral multiple thereof.

"Average Annual Debt Service" shall mean the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Bond Counsel" shall mean counsel of recognized national standing in the field of law relating to municipal bonds.

"Bond Insurance Policy" shall mean, as the context suggests, each of the insurance policies or the applicable insurance policy issued by the Bond Insurer, if any, guaranteeing the scheduled payment of principal of, and the interest when due on, the applicable Series of Bonds. There is no Bond Insurance Policy with respect to the Series 2017 Bonds.

"Bond Insurer" the issuer or issuers of a policy or policies of municipal bond insurance obtained by the Agency to insure the payment of principal of and interest on a Series of Bonds issued under this Indenture, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. There is no Bond Insurer with respect to the Series 2017 Bonds.

"Bond Register" shall mean the registration books specified as such in the Indenture.

"Bond Year" shall mean (1) with respect to the initial Bond Year, the period from the date the Bonds are originally delivered to and including the first succeeding August 1, and (2) thereafter, each twelve-month period from August 2 in any calendar year to and including August 1 in the following calendar year.

"Bonds" shall mean the Series 2017 Bonds and all Additional Bonds.

"Business Day" shall mean a day of the year on which banks in Los Angeles, California, and any other place in which the Corporate Trust Office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"City" shall mean the City of Moreno Valley, California.

"Code" shall mean the Internal Revenue Code of 1986, as amended and any regulations of the United States Department of the Treasury issued thereunder.

"Compliance Costs" shall mean those costs incurred by the Agency or the Trustee in connection with their compliance with the Indenture and the Continuing Disclosure Certificate that are chargeable against the Redevelopment Property Tax Trust Fund as provided in the Indenture as summarized herein under the Captions "TAX REVENUES; CREATION OF FUNDS - Pledge of Tax Revenues; Tax Increment Fund" and "COVENANTS OF THE AGENCY - Compliance Costs," including legal fees and charges, other related administrative costs of the Agency, fees and disbursements of consultants and professionals, rating agency fees, amounts to reimburse AGM for draws on its 2017 Reserve Policy, the Bond Insurer, if any, for draws on its Bond Insurance Policy (including any other amounts due to the Bond Insurer, if any), and as may be due for draws on Qualified Reserve Account Credit Instruments, and all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code in accordance with the Indenture as summarized herein under the caption "COVENANTS OF THE AGENCY - Tax Covenants; Rebate Fund" and the Tax Certificate.

"Consultant's Report" shall mean a report signed by an Independent Financial Consultant or an Independent Redevelopment Consultant, as may be appropriate to the subject of the report, and including:

(1) a statement that the person or firm making or giving such report has read the pertinent provisions of the Indenture to which such report relates;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the report is based; and

(3) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said Independent Financial Consultant or Independent Redevelopment Consultant to express an informed opinion with respect to the subject matter referred to in the report.

"Continuing Disclosure Certificate" shall mean that Continuing Disclosure Certificate of the Agency, dated September 13, 2017, relating to the Series 2017 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Corporate Trust Office" shall mean such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Agency, initially being such office located in Los Angeles, California except that with respect to presentation of Bonds for registration, payment, redemption, transfer or exchange, such terms shall mean the office, or agency of the Trustee at any particular time, its corporate trust agency business shall be conducted, or such other office designated by the Trustee from time to time as its Corporate Trust Office.

"Costs of Issuance Fund" shall mean the Fund by that name established pursuant to the Indenture.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable by or reimbursable to the Agency or the City and related to the authorization, issuance, sale and delivery of the Bonds and the refunding of the Refunded Bonds, including but not limited to publication and printing costs, costs of preparation and reproduction of documents, filing and recording fees, fees and charges of the Trustee and the Escrow Agent, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds and the refunding of the Refunded Bonds as provided in a Costs of Issuance invoice transmitted by the Agency (which may include costs and expenses of the Agency and the City) to the Agency and the Trustee at the time of the original issuance of the Bonds to be paid from proceeds of the Bonds in accordance with the Indenture or as provided in a Supplemental Indenture.

"County" shall mean the County of Riverside, a political subdivision of the State of California.

"County Auditor-Controller" shall mean the Auditor-Controller of the County of Riverside.

"Dissolution Act" shall mean Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of the Law.

"DOF" shall mean the State of California Department of Finance.

"Escrow Agent" shall mean Wells Fargo Bank, National Association, as prior trustee and Escrow Agent under the Escrow Agreement.

"Escrow Agreement" shall mean the Irrevocable Refunding Instructions (Series 2007A Bonds).

"Expense Account" shall mean the account established pursuant to the Indenture.

"Federal Securities" shall mean (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

"Fiscal Year" shall mean the period commencing on July 1 of each year after the date of the sale and delivery of the Bonds and terminating on the next succeeding June 30, or any other annual accounting period hereafter selected and designated by the Agency as its Fiscal Year in accordance with the Law and with notice to the Trustee.

"Former RDA" shall mean the Community Redevelopment Agency of the City of Moreno Valley, created by the City Council of the City.

"Indenture" shall mean the Indenture and all Supplemental Indentures.

"Independent Certified Public Accountant" shall mean 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 of California, appointed and paid by the Agency, and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other audits of the books of or reports to the Agency.

"Independent Financial Consultant" shall mean a financial consultant or firm of such consultants generally recognized to be well qualified in the financial consulting field, appointed and paid by the Agency and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Independent Redevelopment Consultant" shall mean a consultant or firm of such consultants generally recognized to be well qualified in the field of consulting relating to tax allocation bond financing by California redevelopment agencies and their successor agencies, appointed and paid by the Agency and who, or each of whom:

(1) is in fact independent and not under the domination of the Agency;

(2) does not have any substantial interest, direct or indirect, with the Agency; and

(3) is not connected with the Agency as a member, officer or employee of the Agency, but who may be regularly retained to make annual or other reports to the Agency.

"Interest Account" shall mean the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Interest Payment Date" shall mean any February 1 or August 1 on which interest on any Series of Bonds is scheduled to be paid, commencing February 1, 2018, with respect to the Series 2017 Bonds.

"Investment Agreement" shall mean an investment agreement or guaranteed investment contract meeting the description and the requirements contained in clause (10) of the definition of Permitted Investments in the Indenture.

"Investment Earnings" shall mean all interest earned and any realized gains and losses on the investment of moneys in any fund or account created by the Indenture or by any Supplemental Indenture.

"Law" shall mean the Community Redevelopment Law of the State of California (being Part I of Division 24 of the California Health and Safety Code, as amended), and all laws amendatory thereof or supplemental thereto including, without limitation, the Dissolution Act.

"Maximum Annual Debt Service" shall mean the largest Annual Debt Service for any Bond Year, including the Bond Year in which the calculation is made.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Officer's Certificate" shall mean a certificate signed by the Mayor, the City Manager or the Director of Finance, acting for and on behalf of the Agency, the Executive Director of the Agency, or the City Clerk acting for the Agency.

"Outstanding" when used as of any particular time with reference to Bonds, shall mean (subject to the provisions of the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE - Disqualified Bonds") 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 provided in the Indenture as summarized herein under the caption "DEFEASANCE - Bonds Deemed to Have Been Paid"; and

(3) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture.

"Oversight Board" shall mean the oversight board of the Agency duly constituted from time to time pursuant to Section 34179 of the Dissolution Act.

"Owner" or **"Bondowner"** whenever employed in the Indenture shall mean the person in whose name such Bond shall be registered.

"Parity Debt" shall mean any additional tax allocation bonds, notes, interim certificates, debentures or other obligations issued by the Agency as permitted by the Indenture payable out of Tax Revenues and ranking on a parity with the Bonds.

"Pass-Through Agreements" shall mean each pass-through agreement and tax sharing agreement entered into by the Agency with respect to the Project Area.

"Pass Through Obligations" shall mean (i) the statutory pass-through obligations of the Agency described under Section 33607.5 of the Law, and (ii) the Pass-Through Agreements, and shall include amounts elected to be allocated pursuant to subdivision (a) of Section 33676 and Section 33607.7 or of the California Health and Safety Code.

"Permitted Investments" shall mean any of the following to the extent then permitted by the general laws of the State of California applicable to investments by local agencies (provided that the Trustee shall be entitled to rely upon any Written Request from the Agency as conclusive certification to the Trustee that the investments described therein are permitted by the general laws of the State of California applicable to investments by local agencies):

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a national banking association, bank, trust company or bank holding company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations

All direct or fully guaranteed obligations

- General Services Administration
  Participation certificates

- U.S. Maritime Administration
  Guaranteed Title XI financing

- Small Business Administration
  Guaranteed participation certificates

- Guaranteed pool certificates

- Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates

- U.S. Department of Housing & Urban Development
  Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); and (f) guaranteed portions of Small Business Administration ("SBA") notes.

(3) Commercial paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having at the time of purchase "A" or better rating for the issuer's long-term debt as provided by S&P and "A-1" or better rating for the issuer's short-term debt as provided by S&P.

(4) The Riverside County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "P-1" by S&P, and a long-term debt rating of no less than "A" by S&P.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency including funds for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P which may include the Trustee and its affiliates.

(8) Pre-refunded municipal obligations rated "AAA" by S&P meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days, or due on demand, and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" by S&P.

(11) Local Agency Investment Fund (established under Section 16429.1 of the California Government Code), provided that such investment is held in the name and to the credit of the Trustee, and provided further that the Trustee may restrict such investment if required to keep moneys available for the purposes of the Indenture.

(12) Shares in a State of California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the California Government Code which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the California Government Code, as it may be amended.

"Principal Account" shall mean the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Principal Installment" shall mean, with respect to any Principal Payment Date, the principal amount of Outstanding Bonds (including mandatory sinking account payments) due on such date, if any.

"Principal Corporate Trust Office" shall mean the office of the Trustee in Los Angeles, California, except that with respect to presentation of Bonds for payment, transfer or exchange, such term shall mean the corporate trust office, or agency of the Trustee at any particular time its corporate trust agency business shall be conducted, or such other offices as it shall designate from time to time.

"Principal Payment Date" shall mean any August 1 on which principal of any Series of Bonds is scheduled to be paid, commencing on August 1, 2018 with respect to the Series 2017 Bonds.

"Project Area" shall mean the territory comprising the Moreno Valley Redevelopment Project, approved by Ordinance No. 87-154 enacted by the City Council of the City on December 29, 1987, together with any amendments duly authorized pursuant to the Redevelopment Law.

"Qualified Reserve Account Credit Instrument" shall mean (i) the 2017 Reserve Policy or (ii) an irrevocable standby or direct-pay letter of credit or surety bond issued by a commercial bank or insurance company and deposited with the Trustee pursuant to the Indenture as summarized herein in paragraph (d) under the caption "TAX REVENUES; CREATION OF FUNDS - Establishment and Maintenance of Account for Use of Moneys in the Tax Increment Fund" provided that all of the following requirements are met by the Agency at the time of delivery thereof to the Trustee: (a) S&P or Moody's has assigned a long-term credit rating to such bank or insurance company of "A" (without regard to modifier) or higher; (b) such letter of credit or surety bond has a term of at least twelve (12) months; (c) such letter of credit or surety bond has a stated amount at least equal to the portion of the Reserve Account Requirement with respect to which funds are proposed to be released pursuant to the Indenture as summarized herein in paragraph (d) under the caption "TAX REVENUES; CREATION OF FUNDS - Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund"; (d) the Trustee is authorized pursuant to the terms of such letter of credit or surety bond to draw thereunder an amount equal to any deficiencies which may exist from time to time in the Interest Account, the Principal Account or the Term Bonds Sinking Account for the purpose of making payments required pursuant to Section 5.03(d); and (e) prior written notice is given to the Trustee before the effective date of any such Qualified Reserve Account Credit Instrument.

"Rebate Fund" shall mean the Rebate Fund established pursuant to the Indenture.

"Rebate Instructions" shall mean those calculations and directions required to be delivered to the Trustee by the Agency pursuant to the Tax Certificate.

"Rebate Requirement" shall mean the Rebate Requirement defined in the Tax Certificate.

"Recognized Obligation Payment Schedule" or "ROPS" shall mean a Recognized Obligation Payment Schedule, setting forth the minimum payment amounts and due dates of payments required by enforceable obligations for each fiscal year as provided in subdivision (o) of Section 34177 of the Dissolution Act, each prepared and approved from time to time pursuant to the Dissolution Act.

"Redevelopment Obligation Retirement Fund" shall mean the fund by that name established pursuant to Section 34170.5(a) of the Law and administered by the Agency.

"Redevelopment Plan" shall mean the Redevelopment Plan for the Moreno Valley Merged Redevelopment Project adopted on December 29, 1987 by Ordinance Number 97-154, together with any amendments to such redevelopment plan duly authorized pursuant to the Law.

"**Redevelopment Property Tax Trust Fund"** shall mean the fund by that name established pursuant to Section 34170.5(b) of the Law and administered by the County Auditor-Controller.

"Refunded Bonds" shall mean the Community Redevelopment Agency of the City of Moreno Valley, 2007 Tax Allocation Bonds, Series A.

"Regulations" shall mean temporary and permanent regulations promulgated or applicable under Section 103 and all related provisions of the Code.

"Related Documents" shall mean the Indenture and any other document executed by the Agency in connection with the issuance of the Series 2017 Bonds including, without limitation, the Series 2017 Bonds issued under the Indenture.

"Reserve Account" shall mean the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Reserve Account Requirement" shall mean as of the date of any calculation, with respect to all Outstanding Bonds an amount equal to the lesser of (i) the Maximum Annual Debt Service attributable to the Outstanding Bonds or (ii) 125% of Average Annual Debt Service attributable to the Outstanding Bonds; provided however, that the Reserve Account Requirement when issuing a new Series of Bonds shall be the lesser of (i) or (ii) above, but limited to the addition to the Reserve Account of no more than 10% of the proceeds from the sale of such new Series of Bonds.

"Responsible Officer" shall mean any Vice-President, Assistant Vice President, Trust Officer or other officer of the Trustee having regular responsibility for corporate trust matters.

"ROPS Payment Period" shall mean a ROPS Period; provided, that if the Dissolution Act is hereafter amended such that each ROPS Period covers a fiscal period of a different length, then "ROPS Payment Period" shall mean the period during which moneys distributed on a RPTTF Distribution Date are permitted to be expended under the Dissolution Act, as amended.

"ROPS Period" shall mean each annual period from July 1 to June 30, inclusive, as provided in subdivision (o) of Section 34177 of the Dissolution Act; provided, that if the Dissolution Act is hereafter amended such that each ROPS covers a fiscal period of a different length, then "ROPS Period" shall mean such other applicable period established under the Dissolution Act, as amended.

"RPTTF" or **"Redevelopment Property Tax Trust Fund"** shall mean the fund by that name established pursuant to Health and Safety Code Section 34170.5(b) and administered by the County Auditor-Controller.

"RPTTF Distribution Date" shall mean each January 2 and June 1, as specified in Section 34183 of the Dissolution Act, on which the County Auditor-Controller allocates and distributes to the Agency monies from the RPTTF for payment on enforceable obligations pursuant to an approved ROPS.

"Securities Depository" shall mean, initially, The Depository Trust Company, New York, N.Y., or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories, or no such depositories, as designated by the Trustee.

"Senior Bond Indentures" shall mean the Senior Towngate Indenture and the Senior Improvement Area No. 1 Indenture.

"Senior Improvement Area No. 1 Indenture" shall mean the Bond Indenture, dated as of October 1, 2007, between the Community Facilities District No. 87-1 (Towngate) of the City of Moreno Valley and Wells Fargo Bank, National Association, as trustee, relating to the City of Moreno Valley Community Facilities District No. 87-1 (Towngate) Improvement Area No. 1, Special Tax Refunding Bonds.

"Senior Towngate Indenture" shall mean the Bond Indenture, dated as of October 1, 2007, between the Community Facilities District No. 87-1 (Towngate) of the City of Moreno Valley and Wells Fargo Bank, National Association, as trustee, relating to the City of Moreno Valley Community Facilities District No. 87-1 (Towngate), 2007 Special Tax Refunding Bonds.

"Senior Bonds" shall mean (i) the City of Moreno Valley Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds, originally issued in the amount of $10,665,000, of which $4,545,000 are outstanding and (ii) the City of Moreno Valley Community Facilities District No. 87-1 (Towngate) Improvement Area No. 1, Special Tax Refunding Bonds, originally issued in the amount of $4,075,000, of which $2,115,000 are outstanding.

"Serial Bonds" shall mean Bonds for which no Sinking Account Installments are provided.

"Series" shall mean the initial series of Series 2017 Bonds executed, authenticated and delivered and identified pursuant to the Indenture as the Series 2017 Bonds and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate series of Bonds.

"Series 2017 Bonds" shall mean the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley Subordinate Tax Allocation Refunding Bonds, Series 2017.

"Sinking Account Installment" shall mean the amount of money required to be paid by the Agency on a Sinking Account Payment Date toward the retirement of any particular Term Bonds on or prior to their respective stated maturities, as set forth in the Indenture.

"Sinking Account Payment Date" shall mean any August 1 on which Sinking Account Installments on Term Bonds are scheduled to be paid, as set forth in the Indenture.

"S&P" shall mean S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, 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 "S&P" shall be deemed to refer to any other nationally-recognized rating agency selected by the Agency.

"Substitute Depository" shall mean the substitute depository as defined in the Indenture as summarized herein under the caption "THE BONDS; CERTAIN PROVISIONS OF THE BONDS - Use of Depository."

"Supplemental Indenture" shall mean any indenture amending or supplementing the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"2017 Reserve Policy" shall mean the Municipal Bond Debt Service Reserve Insurance Policy issued by AGM and dated September 13, 2017.

"Tax Certificate" shall mean that certificate and agreement, relating to various federal tax requirements, including the requirements of Section 148 of the Code, signed by the Agency on the date the Series 2017 Bonds are issued, as the same may be amended or supplemented in accordance with its terms.

"Tax Exempt" shall mean, with respect to interest on any obligations of a state or local government, that such interest is excluded from the gross income of the owners thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Tax Increment Fund" shall mean the fund established pursuant to the Indenture.

"Tax Revenues" shall mean all taxes annually allocated and paid to the Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law, Section 16 of Article XVI of the Constitution of the State and other applicable state laws and as provided in the Redevelopment Plan available for or deposited into the RPTTF, to the extent not payable to Senior Bonds, payable with respect to Pass Through Obligations, and subject to the equal and senior claims of indebtedness, if, any.

If, and to the extent, that the provisions of Section 34172 or paragraph (2) of subdivision (a) of Section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Tax Revenues will include all tax revenues allocated to the payment of indebtedness pursuant to California Health and Safety Code Section 33670 or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution.

"Term Bonds" shall mean Bonds which are payable on or before their specified maturity dates from Sinking Account Installments established for that purpose.

"Term Bonds Sinking Account" shall mean the account maintained within the Tax Increment Fund pursuant to the Indenture.

"Trustee" shall mean Wells Fargo Bank, National Association, appointed by the Agency and acting with the duties and powers provided in the Indenture, and its successors and assigns, or any other corporation or association which may at any time be substituted in its place, as provided in the Indenture.

"Verification Report" shall mean a report of an independent firm of nationally recognized certified public accountants, or such other firm as shall be acceptable to the Bond Insurer, if any, addressed to the Agency, the Trustee and the Bond Insurer, if any, verifying the sufficiency of the escrow established to pay Bonds in full at maturity or on a redemption date.

"Written Request of the Agency" shall mean an instrument in writing signed by the Mayor, the City Manager or Chief Financial Officer, acting for and on behalf of the Agency, the Executive Director of the Agency, or the City Clerk acting for the Agency, or by any other officer of the Agency duly authorized by the Agency for that purpose.

THE BONDS; CERTAIN PROVISIONS OF THE BONDS

General Authorization; Bonds. The Series 2017 Bonds and Additional Bonds may be issued at any time under and subject to the terms of the Indenture. The Agency has reviewed all proceedings taken relative to the authorization of the Series 2017 Bonds and has found, as a result of such review, and finds and determines under the Indenture that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the issuance of the Series 2017 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the Agency is now duly authorized, pursuant to each and every requirement of law, to issue the Series 2017 Bonds in the manner and form provided in the Indenture. Accordingly, the Agency authorizes the issuance of the Series 2017 Bonds for the purposes set forth in the Indenture.

Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract between the Agency and the Owners from time to time of all Bonds issued under the Indenture and then Outstanding to secure the full and final payment of the interest on and principal of and redemption premiums, if any, on all Bonds authorized, executed, issued and delivered under the Indenture, subject to the agreements, conditions, covenants and provisions contained in the Indenture; and the agreements and covenants set forth in the Indenture to be performed on behalf of the Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any Bonds over any other Bonds.

Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Indenture, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond at the Corporate Trust Office for cancellation, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds for a like aggregate principal amount of the same Series, interest rate and maturity date (and interest rate in the case of bifurcated maturities). The Trustee shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

The Trustee shall not be required to register the transfer of any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Exchange of Bonds. The Bonds may be exchanged at the Corporate Trust Office for a like aggregate principal amount of Bonds of the same Series, interest rate and maturity date (and interest rate in the case of bifurcated maturities) in other authorized denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be required to exchange any Bonds during the fifteen (15) days prior to the date of selection of the Bonds for redemption, or of any Bonds selected for redemption.

Use of Depository. Notwithstanding any provision of the Indenture to the contrary:

(a) The Bonds shall be initially issued as described in this Official Statement. Registered ownership of the Bonds, or any portion thereof, may not thereafter be transferred except:

> (i) To any successor of the Securities Depository or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) ("Substitute Depository"); provided that any successor of the Securities Depository or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;
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> (ii) To any Substitute Depository designated by the Agency and not objected to by the Trustee, upon (1) the resignation of the Securities Depository or its successor (or any Substitute Depository or its successor) from its functions as depository or (2) a determination by the Agency that the Securities Depository or its successor (or any Substitute Depository or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or
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> (iii) To any person as provided below, upon (1) the resignation of the Securities Depository or its successor (or Substitute Depository or its successor) from its functions as depository; provided that no Substitute Depository which is not objected to by the Trustee can be obtained or (2) a determination by the Agency that it is in the best interests of the Agency to remove the Securities Depository or its successor (or any Substitute Depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection (a) above, upon receipt of the Outstanding Bonds by the Trustee, together with a Written Request of the Agency to the Trustee, a single new Bond shall be executed and delivered in the aggregate principal amount of the Bonds then Outstanding, registered in the name of such successor or such Substitute Depository, or their nominees, as the case may be, all as specified in such Written Request of the Agency. In the case of any transfer pursuant to clause (iii) of subsection (a) above, upon receipt of the Outstanding Bonds by the Trustee together with a Written Request of the Agency to the Trustee, new Bonds shall be executed and delivered in such denominations numbered in consecutive order and registered in the names of such persons as are requested in such a Written Request of the Agency, subject to the limitations of the Indenture; provided that the Trustee shall not be required to deliver such new Bonds within a period less than sixty (60) days from the date of receipt of such a Written Request of the Agency.

(c) In the case of partial redemption or an advance refunding of the Bonds evidencing all or a portion of the principal amount Outstanding, the Securities Depository shall make an appropriate notation on the Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee.

(d) The Agency and the Trustee shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Agency; and the Agency and the Trustee shall have no responsibility for transmitting payments to, communication with, notifying, or otherwise dealing with any beneficial owners of the Bonds. Neither the Agency nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including the Securities Depository or its successor (or Substitute Depository or its successor), except for the Owner of any Bond.

(e) So long as the outstanding Bonds are registered in the name of Cede & Co. or its registered assign, the Agency and the Trustee shall cooperate with Cede & Co., as sole registered Owner, and its registered assigns in effecting payment of the principal of and redemption premium, if any, and interest on the Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

Bond Registration Books. (a) The Trustee will keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times, upon reasonable notice, be open to inspection by any Bondowner or his agent duly authorized in writing or the Agency; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as provided in the Indenture.

(b) The person in whose name any Bond shall be registered shall be deemed the owner thereof for all purposes thereof, and payment of or on account of the principal of, and the interest on or redemption price of by such Bond shall be made only to or upon the order in writing of such Owner, which payment shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(c) Upon initial issuance of the Bonds, the ownership of all such Bonds shall be registered in the registration records maintained by the Trustee pursuant to the Indenture in the name of Cede & Co.

Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond shall become mutilated, or shall be believed by the Agency or the Trustee to have been destroyed, stolen or lost, upon proof of ownership satisfactory to the Trustee, and upon the surrender of such mutilated Bond at the Corporate Trust Office or upon the receipt of evidence satisfactory to the Trustee of such destruction, theft or loss, and upon receipt also of indemnity for the Trustee and the Agency satisfactory to the Trustee, and upon payment by the Owner of all expenses incurred by the Agency and the Trustee, the Agency shall execute and the Trustee shall authenticate and deliver at said office a new Bond or Bonds of the same Series and maturity and for the same aggregate principal amount, of like tenor and date, bearing the same number or numbers, with such notations as the Trustee shall determine, in exchange and substitution for and upon cancellation of the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, stolen or lost.

If any such destroyed, stolen or lost Bond shall have matured or shall have been called for redemption, payment of the amount due thereon may be made by the Agency or the Trustee upon receipt of like proof, indemnity and payment of expenses.

Any such replacement Bonds issued pursuant to this section shall be entitled to equal and proportionate benefits with all other Bonds issued under the Indenture. The Agency and the Trustee shall not be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Indenture or for the purpose of determining any percentage of Bonds Outstanding under the Indenture, but both the original and replacement Bond shall be treated as one and the same.

Validity of Bonds. The validity of the authorization and issuance of the Bonds shall not be affected in any way by any proceedings taken by the Agency for the financing or refinancing of any redevelopment project financed with proceeds of the Refunded Bonds, or by any contracts made by the Agency in connection therewith, and shall not be dependent upon the completion of the financing such redevelopment project or upon the performance by any person of his obligation with respect to such redevelopment project, and the recital contained in the Bonds that the same are issued pursuant to the Law shall be conclusive evidence of their validity and of the regularity of their issuance.

ISSUANCE OF ADDITIONAL BONDS

Conditions for the Issuance of Additional Bonds. The Agency may at any time after the issuance and delivery of the Series 2017 Bonds under the Indenture issue Additional Bonds under the Indenture payable from the Tax Revenues and secured by a lien and charge upon the Tax Revenues equal to and on a parity with the lien and charge securing the Outstanding Bonds theretofore issued under the Indenture, for the purpose of refunding bonds or other indebtedness of the Agency or the Former RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding or providing for the funding of related reserves, but only subject to the following specific conditions, which are conditions precedent to the issuance of any such Additional Bonds:

(a) A Written Request of the Agency shall have been filed with the Trustee containing a statement to the effect that the Agency shall be in compliance with all covenants set forth in the Indenture and any Supplemental Indentures, and no Event of Default shall have occurred and be continuing.

(b) The issuance of such Additional Bonds shall have been duly authorized pursuant to the Law and all applicable laws, and the issuance of such Additional Bonds shall have been provided for by a Supplemental Indenture; which shall specify the following:

(i) The authorized principal amount of such Additional Bonds;

(ii) The date and the maturity date or dates of such Additional Bonds; provided that (i) Principal Payment Dates and Sinking Account Payment Dates may occur only on Interest Payment Dates, and (ii) fixed serial maturities or mandatory Sinking Account Installments, or any combination thereof, shall be established to provide for the retirement of all such Additional Bonds on or before their respective maturity dates;

(iii) The Interest Payment Dates for such Additional Bonds; provided that Interest Payment Dates shall be on the same semiannual dates as the Interest Payment Dates for Series 2017 Bonds;

(iv) The denomination and method of numbering of such Additional Bonds;

(v) The redemption premiums, if any, and the redemption terms, if any, for such Additional Bonds;

(vi) The amount and due date of each mandatory Sinking Account Installment, if any, for such Additional Bonds;

(vii) The amount, if any, to be deposited from the proceeds of such Additional Bonds in the Reserve Account; provided that the amount deposited in or credited to such Reserve Account shall be increased at or prior to the time such Additional Bonds become Outstanding to an amount at least equal to the Reserve Account Requirement on all then Outstanding Bonds and such Additional Bonds, and that an amount at least equal to the Reserve Account Requirement on all Outstanding Bonds shall thereafter be maintained in or credited to such Reserve Account;

(viii) The form of such Additional Bonds; and

(ix) Such other provisions, as are necessary or appropriate and not inconsistent with the Indenture.

(c) Such Additional Bonds may be issued only for the purpose of refunding bonds or other indebtedness of the Agency or its Former RDA (including, without limitation, refunding Bonds outstanding under the Indenture) in accordance with the Law, including payment of all costs incidental to or connected with such refunding and funding or providing for the funding of related reserves, and the payment of all costs incidental to or connected with such refunding, provided that the issuance of such Additional Bonds shall comply with the terms of California Health and Safety Code Section 34177.5.

The Agency shall refund outstanding Senior Bonds on a parity with the Bonds only to the extent such refunding would be permitted by Section 34177.5(a) of the Dissolution Act. Nothing contained in the Indenture shall limit the issuance of any tax increment bonds or other obligations of the Agency secured by a lien and charge on Tax Revenues junior to that of the Bonds.

Procedure for the Issuance of Additional Bonds. All of the Additional Bonds shall be executed by the Agency for issuance under the Indenture and delivered to the Trustee and thereupon shall be delivered by the Trustee upon the Written Request of the Agency, but only upon receipt by the Trustee of the following documents or money or securities:

(a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the Agency as to the authentication and delivery of such Additional Bonds;

(c) An opinion of Bond Counsel to the effect that (1) the Agency has the right and power under the Law to enter into the Indenture and all Supplemental Indentures thereto, and the Indenture and all such Supplemental Indentures have been duly executed by the Agency and are valid and binding upon the Agency and enforceable against the Agency in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases), and no other authorization for the Indenture or such Supplemental Indentures is required; (2) the Indenture creates the valid pledge which it purports to create of the Tax Revenues as provided in the Indenture, subject to the application thereof to the purposes and on the conditions permitted by the Indenture; and (3) such Additional Bonds are valid and binding special obligations of the Agency, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization and other similar laws relating to the enforcement of creditors' rights, by application of equitable principles and by exercise of judicial discretion in appropriate cases) and the terms of the Indenture and all Supplemental Indentures thereto and entitled to the benefits of the Indenture and all such Supplemental Indentures and the Law, and such Additional Bonds have been duly and validly authorized and issued in accordance with the Law and the Indenture and all such Supplemental Indentures;

(d) A Written Request of the Agency containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture; and

(e) Such further documents, money and securities as are required by the provisions of the Indenture and the Supplemental Indenture providing for the issuance of such Additional Bonds.

TAX REVENUES; CREATION OF FUNDS

<u>Pledge of Tax Revenues; Tax Increment Fund</u>. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth under the Indenture, all of the Tax Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Expense Account and the Rebate Fund) are pledged under the Indenture to the payment of the principal of and interest on the Outstanding Bonds and any Parity Debt as provided under the Indenture. Under the Indenture, the Agency irrevocably grants to the Trustee for the benefit of AGM, as issuer of the 2017 Reserve Policy and the Owners of the Outstanding Bonds a first charge and lien on, and a security interest in, and pledges and assigns, the Tax Revenues, whether held by the Agency, the County Auditor-Controller or the Trustee, and all amounts in the funds and accounts established under the Indenture (other than the Expense Account and the Rebate Fund), including the "Successor Agency to the Community Redevelopment of the City of Moreno Valley Tax Increment Fund" (hereinafter called the "Tax Increment Fund"), which is created by the Agency and which fund the Agency covenants and agrees under the Indenture to maintain with the Trustee so long as any Bonds shall be Outstanding under the Indenture or amounts are owed to AGM, to the Trustee for the benefit of AGM as issuer of the 2017 Reserve Policy, and the Owners of the Outstanding Bonds.

Notwithstanding the foregoing, there shall not be deposited with the Trustee for deposit in the Tax Increment Fund any taxes eligible for allocation to the Agency pursuant to the Law in an amount in excess of that amount which, together with all money then on deposit with the Trustee in the Tax Increment Fund and the accounts therein, shall be sufficient to discharge all Outstanding Bonds as provided in the Indenture as summarized herein under the caption "DEFEASANCE." No additional bonds payable from Tax Revenues on a basis senior to or on a parity with the Bonds will be issued except as provided in the Indenture as summarized herein under the caption "ISSUANCE OF ADDITIONAL BONDS."

The Agency covenants and agrees that, subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues when and as received, will be received by the Agency in trust and will be transferred to the Trustee as provided in the Indenture within a reasonable period of time from the receipt by the Agency thereof, for deposit by the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as specifically provided otherwise in the Indenture. All such Tax Revenues, whether received by the Agency and held in trust pending transfer or deposited with the Trustee, all as provided in the Indenture, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth in the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency. Any Tax Revenues received by the Trustee in the Tax Increment Fund (other than amounts deposited in the Reserve Account) in excess of the amounts required to be held by the Trustee in the Tax Increment Fund shall be released from the pledge and lien under the Indenture and transferred to the Agency and may be used for any lawful purpose of the Agency.

Pursuant to the laws of the State of California, including California Health and Safety Code Sections 34183 and 34170.5(b), the County Auditor-Controller is obligated to deposit the Tax Revenues into the Redevelopment Property Tax Trust Fund. In furtherance of the terms of the Indenture and the Dissolution Act, and in accordance with the County Auditor-Controller's obligations as set forth in California Health and Safety Code Section 34183, the Agency shall take all steps to ensure that the County Auditor-Controller (1) deposits the Tax Revenues into the Redevelopment Property Tax Trust Fund, (2) allocates funds for the principal and interest payments due on the Outstanding Bonds and any Parity Debt and any deficiency in the Reserve Account (including amounts due to AGM as issuer of the 2017 Reserve Policy) pursuant to each valid Recognized Obligation Payment Schedule in accordance with the Dissolution Act and as provided in the Indenture, and (3) make the transfers to the Trustee required under the Indenture.

The Agency will take all actions required under the Dissolution Act to include on its ROPS the amounts described below to be transmitted to the Trustee for the applicable ROPS Period in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any Compliance Costs, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement (including amounts due to AGM as issuer of the 2017 Reserve Policy) and any deficiency in the reserve accounts under the indentures for the Senior Bonds. The Agency shall submit an Oversight Board-approved ROPS to the County Auditor-Controller and the Department of Finance on or before February 1 with respect to the ROPS Period commencing the following July 1.

Expected Compliance Costs, if any, will be included in each ROPS in accordance with the Dissolution Act.

In furtherance of such pledge, and in preparing a given ROPS, the Agency shall reflect on each annual ROPS that the amount due to the Trustee, received in trust from the County Auditor-Controller for deposit in the Tax Increment Fund on January 2 of the next calendar year from Tax Revenues required to be deposited into the RPTTF shall equal (1) the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year, plus (2) the amount of any deficiency in the Reserve Account (including amounts due to AGM as issuer of the 2017 Reserve Policy), less (3) the amounts, if any, on deposit in the Tax Increment Fund as of the date of submission for the ROPS pursuant to this section that are in excess of the amounts required to be applied to payment of principal of or interest or sinking account payments on the Outstanding Bonds and any Parity Debt in the then current calendar year. The amount due to the Trustee from the County Auditor-Controller for deposit in the Tax Increment Fund on June 1 of the next calendar year from amounts required to be deposited into the RPTTF shall be equal to the remainder due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year in an amount equal to not less than (1) the remaining the sum of (a) all scheduled principal payments and Sinking Account Installments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year, and (b) all scheduled interest payments due and payable on the Outstanding Bonds and any Parity Debt during the next calendar year, plus (2) the amount of any remaining deficiency in the Reserve Account.

Tax Revenues received by the Agency during a ROPS Period in excess of the amount required, as provided in this section, to be deposited in the Tax Increment Fund shall, immediately following the deposit with the Trustee of the amounts required to be so deposited as provided in this section on each such date, be released from the pledge, security interest and lien under the Indenture for the security of the Outstanding Bonds, and may be applied by the Agency for any lawful purpose of the Agency, including but not limited to the payment of subordinate debt, or the payment of any amounts due and owing to the United States of America pursuant to the Indenture as summarized herein under the caption "COVENANTS OF THE AGENCY - Tax Covenants; Rebate Fund." Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Outstanding Bonds and any Parity Debt and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Agency shall not have any beneficial right or interest in the moneys on deposit in the Tax Increment Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Receipt and Deposit of Tax Revenues. The Agency covenants and agrees that, subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues, when and as received in accordance with the Indenture as summarized herein under the caption "TAX REVENUES; CREATION OF FUNDS - Pledge of Tax Revenues; Tax Increment Fund," will be received by the Agency in trust under the Indenture and shall be deemed to be held by the Agency as agent for the Trustee and will, not later than ten (10) Business Days following such receipt, be deposited by the Agency with the Trustee in the Tax Increment Fund and will be accounted for through and held in trust in the Tax Increment Fund, and the Agency shall have no beneficial right or interest in any of such money, except only as in the Indenture provided; provided that the Agency shall not be obligated to deposit in the Tax Increment Fund in any calendar year an amount which exceeds the amounts required to be transferred to the Trustee for deposit into the Tax Increment Fund pursuant to the Indenture as summarized herein under the caption "TAX

REVENUES; CREATION OF FUNDS - Pledge of Tax Revenues; Tax Increment Fund." All such Tax Revenues, whether received by the Agency in trust or deposited with the Trustee, all as provided in the Indenture, shall nevertheless be disbursed, allocated and applied solely to the uses and purposes set forth under the Indenture, and shall be accounted for separately and apart from all other money, funds, accounts or other resources of the Agency.

Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund. Subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues in the Tax Increment Fund shall be set aside by the Trustee in each Bond Year when and as received in the following respective special accounts within the Tax Increment Fund (each of which is created under the Indenture and each of which the Agency covenants and agrees under the Indenture to cause to be maintained with the Trustee so long as the Bonds shall be Outstanding under the Indenture), in the following order of priority (except as otherwise provided in subsection (b) below):

(1) Interest Account;

(2) Principal Account;

(3) Term Bonds Sinking Account;

(4) Reserve Account; and

(5) Expense Account.

All moneys in each of such accounts shall be held in trust by the Trustee and shall be applied, used and withdrawn only for the purposes authorized under the Indenture in this section

(a) Interest Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Interest Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. No deposit need be made into the Interest Account if the amount contained therein is at least equal to the aggregate amount of the interest becoming due and payable on all Outstanding Bonds on the Interest Payment Dates in such Bond Year. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

(b) Principal Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Principal Account an amount of money which, together with any money contained therein, is equal to the aggregate amount of principal becoming due and payable on all Outstanding Serial Bonds on the Principal Payment Date in such Bond Year. No deposit need be made into the Principal Account if the amount contained therein is at least equal to the aggregate amount of principal of all Outstanding Serial Bonds becoming due and payable on the Principal Payment Date in such Bond Year. All money in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying principal of the Serial Bonds as they shall become due and payable.

In the event that there shall be insufficient money in the Tax Increment Fund to pay in full all such principal and Sinking Account Installments due pursuant to the Indenture as summarized herein in paragraph (c) under the caption "TAX REVENUES; CREATION OF FUNDS - Establishment and Maintenance of Accounts for Use of Moneys in the Tax Increment Fund" in such Bond Year, then the money available in the Tax Increment Fund shall be applied *pro rata* to the payment of such principal and Sinking Account Installments in the proportion which all such principal and Sinking Account Installments bear to each other.

(c) Term Bonds Sinking Account. The Trustee shall deposit in the Term Bonds Sinking Account an amount of money which, together with any money contained therein, is equal to the Sinking Account Installments payable on the Sinking Account Payment Date in such Bond Year. No deposit need be made in the Term Bonds Sinking Account if the amount contained therein is at least equal to the aggregate amount of all Sinking Account Installments required to be made on the Sinking Account Payment Date in such Bond Year. All moneys in the Term Bonds Sinking Account shall be used and withdrawn by the Trustee solely for the purpose of purchasing or redeeming the Term Bonds.

(d) Reserve Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Reserve Account such amount as may be necessary to maintain on deposit therein an amount equal to the Reserve Account Requirement. No deposit need be made into the Reserve Account so long as there shall be on deposit therein an amount equal to the Reserve Account Requirement. All money in or credited to the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of replenishing the Interest Account, the Principal Account or the Term Bonds Sinking Account in such order, in the event of any deficiency in any of such accounts occurring on any Interest Payment Date, Principal Payment Date or Sinking Account Payment Date, or for the purpose of paying the interest on or the principal of the Bonds in the event that no other money of the Agency is lawfully available therefor, or for the retirement of all Bonds then Outstanding, except that for so long as the Agency is not in default under the Indenture, any amount in the Reserve Account in excess of the Reserve Account Requirement shall be transferred to the Tax Increment Fund.

On any date on which Bonds are defeased in accordance with the Indenture as summarized herein under the caption "DEFEASANCE - Bonds Deemed to Have Been Paid," the Trustee shall, if so directed in a Written Request of the Agency, transfer any moneys in the Reserve Account in excess of the Reserve Account Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the Agency, to be applied to such defeasance.

If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds and any Parity Debt or withdraws funds from the Reserve Account to pay principal and interest on the Bonds and any Parity Debt, the Trustee shall notify the Agency in writing of such failure or withdrawal, as applicable.

The prior written consent of AGM shall be a condition precedent to the deposit of any Qualified Reserve Account Credit Instrument credited to the Reserve Account established for the Series 2017 Bonds (other than the 2017 Reserve Policy) in lieu of a cash deposit into the Reserve Account. Amounts drawn under the 2017 Reserve Policy shall be available only for the payment of scheduled principal and interest on the Series 2017 Bonds, respectively, when due.

The Trustee shall ascertain the necessity for a claim upon the 2017 Reserve Policy in accordance with the provisions of the Indenture as summarized herein in paragraph (a) under the caption "TAX REVENUES; CREATION OF FUNDS - 2017 Reserve Policy Payment and Reimbursement Provisions" and to provide notice to AGM in accordance with the terms of the 2017 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2017 Bonds, respectively. Where deposits are required to be made by the Agency with the Trustee to the Interest Account and Principal Account of the Tax Increment Fund for the Series 2017 Bonds, respectively, more often than semi-annually, the Trustee shall be instructed to give notice to AGM of any failure of the Agency to make timely payment in full of such deposits within two Business Days of the date due.

(e) Expense Account. The Trustee shall set aside from the Tax Increment Fund and deposit in the Expense Account such amount as may be necessary to pay from time to time Compliance Costs as specified in a Written Request of the Agency setting forth the amounts. All moneys in the Expense Account shall be applied to the payment of Compliance Costs, upon presentation of a Written Request of the Agency setting forth the amounts, purposes, the names of the payees and a statement that the amounts to be paid are proper charges against the Expense Account. So long as any of the Bonds authorized under the Indenture, or any interest thereon, remain unpaid, the moneys in the Expense Account shall be used for no purpose other than those required or permitted by the Indenture and the Law.

Investment of Moneys in Funds and Accounts. Moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder, upon the Written Request of the Agency, filed with the Trustee at least two (2) Business Days in advance of the making of such investments shall be invested by the Trustee in Permitted Investments. If such instructions are not provided, the Trustee shall hold such funds uninvested pending the receipt of written investment instructions. Moneys in the Interest Account representing accrued interest paid to the Agency upon the initial sale and delivery of any Bonds and in the Reserve Account, upon the Written Request of the Agency, shall be invested by the Trustee in Permitted Investments. Permitted Investments purchased with amounts on deposit in the Reserve Account shall have an average aggregate weighted term to maturity of not greater than five (5) years; provided, however, that if such investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Account may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. The obligations in which moneys in the Tax Increment Fund and the Interest Account, the Principal Account, the Term Bonds Sinking Account and the Expense Account thereunder are so invested shall mature prior to the date on which such moneys are estimated to be required to be paid out under the Indenture. Any interest, income or profits from the deposits or investments of all other funds and accounts held by the Trustee (other than the Expense Account and the Rebate Fund) shall be deposited in the Tax Increment Fund. For purposes of determining the amount on deposit in any fund or account held by the Trustee under the Indenture, all Permitted Investments credited to such fund or account shall be valued at the lower of cost or the market price thereof (excluding accrued interest and brokerage commissions, if any); provided that Permitted Investments credited to the Reserve Account shall be valued at market value (exclusive of accrued interest and brokerage commissions, if any), and any deficiency in the Reserve Account resulting from a decline in market value shall be restored to the Reserve Account Requirement no later than the next Bond Year. Amounts in the funds and accounts held by the Trustee under the Indenture shall be valued at least annually on the first day of August after the principal payment has been made.

The Agency acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Agency the right to receive brokerage confirmations of security transactions as they occur, the Agency will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Agency periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee under the Indenture.

The Trustee or any of its affiliates may act as agent, sponsor or advisor in connection with any investment made by the Trustee under the Indenture. To the extent Permitted Investments are registrable, such investments shall be registered in the name of the Trustee. The Trustee may sell or present for redemption, any securities so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such securities are credited, and the Trustee shall not be responsible for any loss resulting from such investment. The Trustee is authorized under the Indenture, in making or disposing of any investment permitted by this section, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or such affiliate is acting as an agent of the Trustee or for any third person or dealing as principal for its own account. The Trustee shall have no investment discretion.

2017 Reserve Policy Payment and Reimbursement Provisions. The following provisions shall govern in the event of a conflict with any contrary provision of the Indenture.

(a) The Agency shall repay from available Tax Revenues any draws under the 2017 Reserve Policy and pay all related reasonable expenses incurred by AGM and shall pay interest thereon from the date of payment by AGM at the Late Payment Rate. "Late Payment Rate" means the lesser of (x) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5.00%, and (ii) the then applicable highest rate of interest on the outstanding Series 2017 Bonds and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as AGM shall specify. If the interest provisions of this subparagraph (a) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding under the Indenture to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Agency had specifically designated such extra sums to be so applied and AGM had agreed to accept such extra payment(s) as additional interest for such later periods. In no event shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

(b) Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw.

(c) The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2017 Bonds (subject only to the priority of payment provisions set forth under the Indenture). Amounts in respect of Policy Costs paid to AGM shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to AGM on account of principal due, the coverage under the 2017 Reserve Policy will be increased by a like amount, subject to the terms of the 2017 Reserve Policy.

(d) All cash and investments in the Reserve Account not otherwise securing a particular Series of Bonds shall be transferred to the Interest Account and Principal Account of the Tax Increment Fund for payment of debt service on the Series 2017 Bonds before any drawing may be made on the 2017 Reserve Policy or any other Qualified Reserve Account Credit Instrument credited to the Reserve Account in lieu of cash. Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Qualified Reserve Account Credit Instruments (including the 2017 Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Account. Payment of Policy Costs and reimbursement of amounts with respect to other Qualified Reserve Account Credit Instruments shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Account. For the avoidance of doubt, "available coverage means the coverage then available for disbursement pursuant to the terms of the applicable alternative credit instrument without regard to the legal or financial ability or willingness of the provider of such instrument to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(e) Upon a failure to pay Policy Costs when due or any other breach of the terms of this section, AGM shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture, other than (i) acceleration of the maturity of the Series 2017 Bonds, if any, or (ii) remedies which would adversely affect owners of the Series 2017 Bonds.

(f) The Indenture shall not be discharged until all Policy Costs owing to AGM shall have been paid in full. The Agency's obligation to pay such amounts shall expressly survive payment in full of the Series 2017 Bonds.

(g) The Agency shall include any Policy Costs then due and owing AGM in the calculation of the additional bonds test and the rate covenant in the Indenture.

(h) The Agency will pay or reimburse AGM any and all charges, fees, costs, losses, liabilities and expenses which AGM may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with (i) any accounts established to facilitate payments under the 2017 Reserve Policy, (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture or any document executed in connection with the Series 2017 Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Agency relating to Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents, (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition, (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the 2017 Reserve Policy or any other Related Document whether or not executed or completed, or (v) any action taken by AGM to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of AGM spent in connection with the actions described in clauses (ii) through (v) above. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Agency under the Indenture shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date AGM is paid in full.

(i) The obligation of the Agency to pay all amounts due to AGM shall be an absolute and unconditional obligation of the Agency and will be paid or performed strictly in accordance with the provisions of this section, irrespective of (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2017 Bonds, the Indenture or any other Related Document, or (ii) any amendment or other modification of, or waiver with respect to the 2017 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2017 Bonds, the Indenture or any other Related Documents; (iv) whether or not such Series 2017 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the 2017 Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Agency may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with the transactions contemplated herein or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2017 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the 2017 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2017 Reserve Policy.

(j) The Agency shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of AGM) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into this section by reference solely for the benefit of AGM as if set forth directly in the Indenture. No provision of the Indenture or any other Related Document shall be amended, supplemented, modified or waived, without the prior written consent of AGM, in any material respect or otherwise in a manner that could adversely affect the payment obligations of the Agency under the Indenture or the priority accorded to the reimbursement of Policy Costs under the Indenture. AGM is a third party beneficiary of the Indenture and each other Related Document.

(k) The Agency covenants to provide to AGM, promptly upon request, any information regarding the Series 2017 Bonds or the financial condition and operations of the Agency as reasonably requested by AGM. The Agency will permit AGM to discuss the affairs, finances and accounts of the Agency or any information AGM may reasonably request regarding the security for the Series 2017 Bonds with appropriate officers of the Agency and will use commercially reasonable efforts to enable AGM to have access to the facilities, books and records of the Agency on any business day upon reasonable prior notice.

Costs of Issuance Fund. Moneys deposited in the Costs of Issuance Fund shall be held by the Trustee in trust and applied to the payment of Costs of Issuance upon a Requisition of the Agency filed with the Trustee. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. In no event shall moneys from any other fund or account established under the Indenture be used to pay Costs of Issuance. All payments from the Costs of Issuance Fund shall be reflected on the Trustee's regular accounting statements. At the end of twelve months from the date of issuance of the Bonds, or upon earlier receipt of a Written Order of the Agency stating that amounts in such fund are no longer required for the payment of Costs of Issuance, such fund shall be terminated and any amounts then remaining in such fund shall be transferred to the Tax Increment Fund. The Trustee shall then close the Costs of Issuance Fund.

COVENANTS OF THE AGENCY

Punctual Payment. The Agency will punctually pay the principal of, premium, if any, and the interest to become due with respect to the Bonds, in strict conformity with the terms of the Bonds and of the Indenture and will faithfully satisfy, observe and perform all conditions, covenants and requirements of the Bonds and of the Indenture.

Against Encumbrances. The Agency will not mortgage or otherwise encumber, pledge or place any charge upon any of the Tax Revenues, except as provided in the Indenture, and will not issue any obligation or security superior to or on a parity with then Outstanding Bonds payable in whole or in part from the Tax Revenues (other than Additional Bonds in accordance with the Indenture as summarized herein under the caption "ISSUANCE OF ADDITIONAL BONDS - Conditions for the Issuance of Additional Bonds"). The Agency shall refund outstanding Senior Bonds on a parity with the Bonds only to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Extension or Funding of Claims for Interest. In order to prevent any claims for interest after maturity, the Agency will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any Bonds and will not, directly or indirectly, be a party to or approve any such arrangements by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Agency, such claim for interest so extended or funded shall not be entitled, in case of default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Payment of Claims. Subject to the terms of the Dissolution Act, the Agency will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the properties owned by the Agency or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds; provided that nothing contained in the Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such claims.

Books and Accounts; Financial Statements. The Agency will keep proper books of record and accounts, separate from all other records and accounts of the Agency, in which complete and correct entries shall be made of all transactions relating to the Tax Increment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Trustee (who shall have no duty to inspect) and the Owners of not less than ten per cent (10%) of the aggregate principal amount of Bonds Outstanding or their representatives authorized in writing.

The Agency will prepare and file with the Trustee and the Bond Insurer, if any, annually, so long as any Bonds are Outstanding, the audited financial statements of the Agency as part of the Annual Report (as defined in the Continuing Disclosure Certificate), provided, however, that the audited financial statements of the Agency may be submitted separately from the balance of the Annual Report, and later than the date required for the filing of the Annual Report and as soon as practicable if they are not available by that date.

Protection of Security and Rights of Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any Bonds by the Agency, such Bonds shall be incontestable by the Agency.

Payment of Taxes and Other Charges. The Agency will pay and discharge all taxes, service charges, assessments and other governmental charges which may hereafter be lawfully imposed upon the Agency or any properties owned by the Agency in the Project Area, or upon the revenues therefrom, when the same shall become due; provided that nothing contained in the Indenture shall require the Agency to make any such payments so long as the Agency in good faith shall contest the validity of any such taxes, service charges, assessments or other governmental charges.

Amendment of Redevelopment Plan. The Agency will not amend the Redevelopment Plan except as provided in this section and as permitted by the Law. If the Agency proposes to amend the Redevelopment Plan, it shall cause to be filed with the Trustee a Consultant's Report on the effect of such proposed amendment. If the Consultant's Report concludes that Tax Revenues will not be materially reduced by such proposed amendment, the Agency may undertake such amendment. If the Consultant's Report concludes that Tax Revenues will be materially reduced by such proposed amendment, the Agency may not undertake such proposed amendment. Notwithstanding the foregoing, the Agency must obtain the Bond Insurer's prior written consent for any amendment of the Redevelopment Plan which would (i) reduce the amount of Tax Revenues that may be received by the Agency or (ii) reduce the period during which the Agency may collect Tax Revenues.

Tax Revenues. The Agency shall comply with all requirements of the Law to ensure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary ROPS. The Agency shall manage its fiscal affairs in a manner so that it will have sufficient Tax Revenues available under the Redevelopment Plan in the amounts and at the times required to enable the Agency to pay the principal of, premium, if any and interest on the outstanding Senior Bonds, and any parity debt thereof, and the Series 2017 Bonds and any Parity Debt when due.

Further Assurances. The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Tax Covenants; Rebate Fund.

(a) The Agency covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of the interest on any of the Tax Exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Agency shall comply with the requirements of the Tax Certificate, the terms of which are incorporated by reference into the Indenture. This covenant shall survive payment in full or defeasance of the Bonds.

(b) The Agency agrees that there shall be paid from time to time all amounts required to be rebated to the United States pursuant to Section 148(f) of the Code and any temporary, proposed or final Treasury Regulations as may be applicable to the Tax Exempt Bonds from time to time.

(c) The Trustee shall establish and maintain a fund separate from any other fund established and maintained under the Indenture designated as the Rebate Fund. Notwithstanding any other provision of the Indenture to the contrary, all amounts deposited into or on deposit in the Rebate Fund shall be governed by this section and by the Tax Certificate (which is incorporated under the Indenture by reference). The Agency shall cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the Tax Certificate. Subject to the provisions of this section, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the federal government of the United States of America from time to time in accordance with the Tax Certificate. The Agency and the Owners shall have no rights in or claim to such money.

(d) Upon the written direction of the Agency, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments, subject to the restrictions set forth in the Tax Certificate.

(e) Upon receipt of the Rebate Instructions required to be delivered to the Trustee by the Tax Certificate, the Trustee shall remit part or all of the balances held in the Rebate Fund to the Trustee for payment to the federal government of the United States of America, as so directed. In addition, if the Rebate Instructions so direct, the Trustee shall deposit moneys into or transfer moneys out of the Rebate Fund from or into such accounts or funds as the Rebate Instructions direct. Any funds remaining in the Rebate Fund after redemption and payment of all of the Tax Exempt Bonds and payment of any required rebate amount, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Agency.

(f) The Trustee shall have no obligation to pay any amounts required to be remitted pursuant to this section, other than from moneys held in the funds and accounts created under the Indenture or from other moneys provided to it by the Agency.

(g) The Trustee shall conclusively be deemed to have complied with the provisions of this section if it follows the directions of the Agency set forth in the Rebate Instructions, and shall not be required to take any actions thereunder in the absence of Rebate Instructions from the Agency.

(h) Notwithstanding any other provision of the Indenture, the obligation of the Agency to remit or cause to be remitted any required rebate amount to the United States government and to comply with all other requirements of this section and the Tax Certificate shall survive the defeasance or payment in full of the Tax Exempt Bonds.

(i) Notwithstanding any provision of this section to the contrary, if the Agency shall provide to the Trustee an opinion of counsel of recognized standing in the field of law relating to municipal bonds (and approved in writing by the Agency) to the effect that any action required under this section is no longer required, or that some further or different action is required, to maintain the exclusion from federal gross income of the interest on the Tax Exempt Bonds pursuant to the Code, the Trustee and the Agency may conclusively rely on such opinion in complying with the provisions of this section, and the provisions of the Indenture shall be deemed to be modified to that extent.

Compliance with the Dissolution Act. The Agency covenants that in addition to complying with the requirements of the Indenture as summarized herein under the caption "TAX REVENUES; CREATION OF FUNDS - Pledge of Tax Revenue; Tax Increment Fund," it will comply with all other requirements of the Dissolution Act. Without limiting the generality of the foregoing, the Agency covenants and agrees to file all required statements and seek all necessary successor agency or an oversight board approvals required under the Dissolution Act to assure compliance by the Agency with its covenants under the Indenture.

Further, the Agency will take all actions required under the Dissolution Act to include on its ROPS for each ROPS Period all payments expected to be made to the Trustee in order to satisfy the requirements of the Indenture, including any amounts required to pay principal and interest payments due on the Senior Bonds, Outstanding Bonds and any Parity Debt, any deficiency in the Reserve Account to the full amount of the Reserve Account Requirement (including amounts due to AGM as issuer of the 2017 Reserve Policy) and any deficiency in the reserve accounts under the Senior Bond Indentures, any Compliance Costs, and any required debt service, reserve set-asides, and any other payments required under the Indenture or similar documents pursuant to Section 34171(d)(1)(A) of the California Health and Safety Code, so as to enable the County Auditor-Controller to distribute from the RPTTF amounts to the Trustee for deposit in the Tax Increment Fund on each ROPS Distribution Date amounts required for the Agency to pay the principal of, premium, if any, and the interest on the Outstanding Bonds and any Parity Debt coming due in the respective ROPS Period. These actions will include, without limitation, placing on the periodic ROPS for approval by the Oversight Board and the DOF, to the extent necessary, the amounts to be held by the Agency as a reserve until the next ROPS Period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal of, premium, if any, and the interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture for the next payment due in the following ROPS Period.

The Agency has further covenanted that (i) it will include all amounts presently due and payable to the Bond Insurer, if any, on each Recognized Payment Obligation Schedule ("ROPS") submission, (ii) if any amounts payable to the Bond Insurer, if any, are not included on any current ROPS and the Agency is then legally permitted to amend such ROPS, the Agency will amend its current ROPS to include such amounts payable to the Bond Insurer, if any, and (iii) the Agency will not submit for approval by the Oversight Board or the DOF a ROPS covering multiple ROPS Periods or any Last and Final Recognized Obligation Payment Schedule as provided in the Dissolution Law without the prior consent of the Bond Insurer, if any.

Negative Pledge. The Agency may not create or allow to exist any liens on Tax Revenues senior to (except as provided in the Senior Bond Indentures) or on a parity with the Series 2017 Bonds except as provided in the Indenture as summarized in his Appendix A under the caption "ISSUANCE OF ADDITIONAL BONDS" or as otherwise approved by the Bond Insurer, if any. The Agency shall refund outstanding Senior Bonds on a parity with the Bonds only to the extent such refunding would be permitted by Section 34177.5(a)(1) of the Dissolution Act.

Adverse Change in State Law. If, due to an adverse change in State law resulting from legislation or the decision of a court of competent jurisdiction, the Agency determines that it can no longer comply with the Indenture as summarized herein under the caption "COVENANTS OF THE AGENCY - Compliance with the Dissolution Act," then the Agency shall immediately notify the County Auditor-Controller and the Trustee in writing of such determination. The Agency shall immediately seek a declaratory judgment or take other appropriate action in a court of competent jurisdiction to determine the duties of all parties to the Indenture, including the County Auditor-Controller and the Agency, with regard to the performance by the Agency in accordance with the Indenture as summarized herein under the caption "COVENANTS OF THE AGENCY - Compliance with the Dissolution Act." The Trustee may, but is in no event obligated to, participate in the process of seeking such declaratory judgment to protect its rights under the Indenture. Any reasonable fees and expenses incurred by the Trustee (including, without limitation, legal fees and expenses) in connection with such participation shall be borne by the Agency.

Credits to Redevelopment Obligation Retirement Fund. The Agency covenants, subject to the prior application and lien in favor of the Senior Bonds, to credit all Tax Revenues withdrawn from the RPTTF by the County Auditor-Controller and remitted to the Trustee for the payment of the Bonds and any Parity Debt to the Redevelopment Obligation Retirement Fund established pursuant to Section 34170.5(a) of the California Health and Safety Code.

Compliance Costs. The Agency, to the fullest extent permitted by law, shall pay the annual Compliance Costs, from amounts on deposit in the Expense Account, including fees and disbursements of the consultants and professionals engaged in connection with the Bonds, costs of the Agency and the Trustee payable from the RPTTF.

Continuing Disclosure. The Agency covenants and agrees under the Indenture that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; provided, however, the Trustee, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate), the Bond Insurer, if any, or the Bondowners of at least 25% aggregate principal amount of Bonds Outstanding, shall to the extent the Trustee is indemnified to its satisfaction from and against any liability or expense related thereto, or any Bondowner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Agency to comply with its obligations under this section and the Continuing Disclosure Certificate. For purposes of this section, "Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

THE TRUSTEE

Appointment and Acceptance of Duties. The Trustee accepts and agrees under the Indenture to the trusts thereby created to all of which the Agency agrees and the respective Owners of the Bonds, by their purchase and acceptance thereof, agree.

Duties, Immunities and Liability of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture, and no implied duties or obligations shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise as a reasonable individual would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Agency may, in the absence of an Event of Default, and upon receipt of an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or upon receipt of a written request of the Bond Insurer, if any, or upon receipt of a written request of any Bond Insurer, if any, following an Event of Default (irrespective of cause), or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this section, or shall become incapable of acting, or shall commence a case under any bankruptcy, insolvency or similar law, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take control or charge of the Trustee or its property or affairs for the purpose of rehabilitation, conservation or liquidation, shall, remove the Trustee by giving written notice of such removal to the Trustee, and thereupon the Agency shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may, subject to (d) below, resign by giving at least 60 days' written notice of such resignation to the Agency and the Bond Insurer, if any, and by giving notice of such resignation by mail, first class postage prepaid, to the Owners at the addresses listed in the Bond Register. Upon receiving such notice of resignation, the Agency shall promptly appoint a successor Trustee by an instrument in writing, and shall notify the Bond Insurer, if any, of such appointment.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and shall have accepted appointment within thirty (30) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Owner (on behalf of himself and all other Owners) may petition, at the expense of the Agency, any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Agency and to its predecessor Trustee and the Bond Insurer, if any, a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee under the Indenture; but, nevertheless, at the written request of the Agency or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth under the Indenture. Upon request of the successor Trustee, the Agency shall execute and deliver any and all instruments as may be reasonably required for fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, such successor Trustee shall mail a notice of the succession of such Trustee to the trusts under the Indenture by first class mail, postage prepaid, to the Owners at their addresses listed in the Bond Register.

(e) Any Trustee appointed under the provisions of this section shall be a national banking association trust company or bank having the powers of a trust company or authorized to exercise trust powers, having a corporate trust office in California, having (or in the case of a national banking association, bank, trust company or bank holding company which is a member of a bank holding company system, the related bank holding company shall have) a combined capital and surplus of at least fifty million dollars ($50,000,000), and subject to supervision or examination by federal or state authority. If such national banking association, bank, trust company or bank holding company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such national banking association, bank, trust company or bank holding company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection, the Trustee shall resign immediately in the manner and with the effect specified in this section.

(f) No provision in the Indenture shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture unless the Owners shall have offered to the Trustee security or indemnity it deems reasonable, against the costs, expenses and liabilities that may be incurred.

(g) In accepting the trust created under the Indenture, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(h) The Trustee makes no representation or warranty, express or implied, as to the compliance with legal requirements of the use contemplated by the Agency of the funds under the Indenture.

(i) The Trustee shall not be responsible for the recording or filing of any document relating to the Indenture or of financing statements (or continuation statements in connection therewith). The Trustee shall not be deemed to have made representations as to the security afforded thereby or as to the validity, sufficiency or priority of any such document, collateral or security of the Bonds.

(j) The Trustee shall not be deemed to have knowledge of any Event of Default under the Indenture unless and until a Responsible Officer shall have actual knowledge thereof at the Trustee's Principal Corporate Trust Office. The Trustee shall not be bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements under the Indenture or of any documents executed in connection with the Bonds or as to the existence of an Event of Default under the Indenture.

(k) The Trustee shall not be accountable for the use or application by the Agency or any other party of any funds which the Trustee has released under the Indenture.

(l) The Trustee shall provide a monthly accounting of all Funds held pursuant to the Indenture to the Agency within fifteen (15) Business Days after the end of each month and shall provide statements of account for each annual period beginning July 1 and ending June 30, within 90 days after the end of such period. Such accounting shall show in reasonable detail all transactions made by the Trustee under the Indenture during the accounting period and the balance in any Funds and accounts created under the Indenture as of the beginning and close of such accounting period.

(m) All moneys received by the Trustee shall, until used or applied or invested as provided in the Indenture, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law.

(n) The permissive rights of the Trustee to do things enumerated in the Indenture shall not be construed as a duty unless so specified under the Indenture.

(o) The Trustee may appoint and act through an agent and shall not be responsible for any misconduct or negligence of any such agent appointed with due care. The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it under the Indenture by or through attorneys, agents, affiliates, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Indenture, and the Trustee shall not be answerable for the acts or omissions of any such attorney, agent, or receiver selected by it with reasonable care.

(p) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to the Indenture and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture); provided, however, that the Agency shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Agency whenever a person is to be added or deleted from the listing. If the Agency elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The Agency understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Agency shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Agency and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Agency. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Agency agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Agency; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(q) The Trustee shall not be liable to the parties to the Indenture or deemed in breach or default under the Indenture if and to the extent its performance under the Indenture is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care. Force majeure shall include but not be limited to acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

(r) To the fullest extent permitted by law and notwithstanding anything in the Indenture to the contrary, the Trustee shall not be personally liable for (i) special, consequential or punitive damages, however styled, including, without limitation, lost profits or (ii) the acts or omissions of any nominee, correspondent, clearing agency, or securities depository through which it holds securities or assets.

(s) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the Bonds.

Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (e) above under the caption "THE TRUSTEE - Duties, Immunities and Liability of Trustee," shall succeed to the rights and obligations of such Trustee without the execution or filing of any paper or any further act.

Compensation. The Agency shall pay to the Trustee a reasonable compensation for its services rendered under the Indenture and reimburse the Trustee for reasonable expenses, disbursements and advances, including attorney's and agent's fees and expenses, incurred by the Trustee in the performance of its obligations under the Indenture.

The Agency agrees, to the extent permitted by law, to indemnify the Trustee and its officers, directors, employees, attorneys and agents for, and to hold it harmless against, any loss, liability or expense incurred without negligence or willful misconduct on its part arising out of or in connection with (i) the acceptance or administration of the trusts imposed by the Indenture, including performance of its duties under the Indenture, including the costs and expenses of defending itself against any claims or liability in connection with the exercise or performance of any of its powers or duties under the Indenture (ii) the Bonds; (iii) the sale of any Bonds and the carrying out of any of the transactions contemplated by the Bonds; or (iv) any untrue statement of any material fact or omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other disclosure document utilized by the Agency or under its authority in connection with the sale of the Bonds. The Agency's obligations under the Indenture with respect to indemnity of the Trustee and the provision for its compensation set forth in the Indenture as summarized herein under the caption "THE TRUSTEE" shall survive and remain valid and binding notwithstanding the maturity and payment of the Bonds, or the resignation, or removal of the Trustee.

The Trustee shall have no responsibility for or liability in connection with assuring that all of the procedures or conditions to closing set forth in the contract of purchase for sale of the Bonds are satisfied, or that all documents required to be delivered on the closing date to the parties are actually delivered, except its own responsibility to receive or deliver the proceeds of the sale, deliver the Bonds and other certificates expressly required to be delivered by it and its counsel.

Liability of Trustee. The recitals of facts under the Indenture and in the Bonds contained shall be taken as statements of the Agency, and the Trustee does not assume any responsibility for the correctness of the same, and does not make any representations as to the validity or sufficiency of the Indenture or of the Bonds, and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations under the Indenture or in the Bonds assigned to or imposed upon it; provided, that the Trustee shall be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own negligence or willful misconduct. The Trustee (in its individual or any other capacity) may become the Owner of Bonds with the same rights it would have if it were not Trustee under the Indenture, and, to the extent permitted by law, may act as depository for and permit any of its officers, directors and employees to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Bonds then Outstanding. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bond Insurer, if any, or the Owners of a majority in principal amount (or any lesser amount that may direct the Trustee in accordance with, and as provided in, the provisions of the Indenture) of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture. Whether or not therein expressly so provided, every provision of the Indenture or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of the Indenture as summarized herein under the caption "THE TRUSTEE." All indemnifications and releases from liability granted under the Indenture to the Trustee shall extend to the directors, officers, employees and agents of the Trustee.

Right to Rely on Documents. The Trustee may rely on and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Agency, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection for any action taken or suffered or omitted by it under the Indenture in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action under the Indenture, such matter (unless other evidence in respect thereof is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by an Officer's Certificate, and such Certificate shall be full warrant to the Trustee for any action taken or suffered or omitted in good faith under the provisions of the Indenture in reliance upon such Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee shall be entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Indenture, but the Trustee shall not be answerable for the professional malpractice of any attorney-at-law or certified public accountant in connection with the rendering of his professional advice in accordance with the terms of the Indenture, if such attorney-at-law or certified public accountant was selected by the Trustee with due care.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject at all reasonable times upon prior notice to the inspection of the Agency, the Bond Insurer, if any, and the Owners of at least twenty-five percent (25%) of the aggregate principal amount of the Bonds, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Indemnity for Trustee. Before taking any action or exercising any rights or powers under the Indenture, the Trustee may require that satisfactory indemnity be furnished to it for the reimbursement of all costs and expenses which it may incur and to indemnify it against all liability, except liability which may result from its negligence or willful misconduct, by reason of any action so taken.

EXECUTION OF INSTRUMENTS BY OWNERS AND PROOF OF OWNERSHIP OF THE BONDS

Execution of Instruments; Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by the Indenture to be signed or executed by Owners may be in any number of concurrent instruments of similar tenor by different parties and may be signed or executed by such Owners in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee with regard to any action taken, suffered or omitted by either of them under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the ownership of the Bonds under the Indenture by any Owner and the serial numbers of such Bonds and the date of his ownership of the same shall be proved by the Bond Register.

Nothing contained in the Indenture as summarized herein under the caption "THE TRUSTEE" shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters in the Indenture as summarized herein under the caption "THE TRUSTEE" stated which to it may seem sufficient. Any request or consent of the Owner of any Bond shall bind every future Owner of the same Bond and any Bond or Bonds issued in exchange or substitution therefor or upon the registration of transfer thereof in respect of anything done by the Trustee in pursuance of such request or consent.

AMENDMENT OF THE INDENTURE

Amendment by Consent of Owners. The Indenture and the rights and obligations of the Agency and of the Owners may be amended at any time, upon the written consent of the Bond Insurer, if any, by a Supplemental Indenture which shall become binding when the written consents of the Owners of sixty per cent (60%) in aggregate principal amount of Bonds Outstanding, exclusive of Bonds disqualified as provided in the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE - Disqualified Bonds" are filed with the Trustee, provided that no such amendment shall (1) extend the maturity of or reduce the interest rate on, or otherwise alter or impair the obligation of the Agency to pay the interest or principal of, and premium, if any, at the time and place and at the rate and in the currency provided under the Indenture of any Bond, without the express written consent of the Owner of such Bond, or (2) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created in the Indenture for the benefit of the Bonds, without the express written consent of the Owner of such Bond, or (3) reduce the percentage of Bonds required for the written consent to any such amendment, without the express written consent of the Owner of such Bond, or (4) modify the rights or obligations of the Trustee without its prior written assent thereto.

Any amendment, supplement, modification to, or waiver of, the terms of any Related Document that requires the consent of Bondowners or adversely affects the rights and interests of the Bond Insurer, if any, if any, shall be subject to the prior written consent of the Bond Insurer, if any.

The Indenture and the rights and obligations of the Agency and of the Owners may also be amended at any time, upon the written notice to the Bond Insurer, if any, by a Supplemental Indenture which shall become binding upon adoption, without the consent of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) To add to the covenants and agreements of the Agency in the Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power reserved to or conferred upon the Agency under the Indenture;

(b) To make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Indenture, or in regard to questions arising under the Indenture, as the Agency may deem necessary or desirable and not inconsistent with the Indenture, and which shall not materially adversely affect the interests of the Owners of the Bonds or the Bond Insurer, if any;

(c) To provide for the issuance of any Additional Bonds, and to provide the terms and conditions under which such Additional Bonds may be issued, subject to and in accordance with the Indenture as summarized herein under the caption "ISSUANCE OF ADDITIONAL BONDS";

(d) To modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Owners of the Bonds;

(e) To maintain the exclusion of interest on the Tax Exempt Bonds from gross income for federal income tax purposes;

(f) To modify, amend or supplement the Indenture in such manner as to conform to changes in the Dissolution Act so long as there is no material adverse effect to holders of the Bonds; or

(g) To obtain a bond insurance policy or a rating on the Bonds.

Disqualified Bonds. Bonds owned or held by or for the account of the Agency or the City shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE," and shall not be entitled to consent to, or take any other action provided in the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE." Upon request of the Trustee, the Agency and the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE - Disqualified Bonds" and the Trustee may conclusively rely on such certificate.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in the Indenture, the Agency may determine that the Bonds may bear a notation, by endorsement in form approved by the Agency, as to such action, and in that case upon demand of the Owner of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation as to such action shall be made on such Bond. If the Agency shall so determine, new Bonds so modified as, in the opinion of the Agency, shall be necessary to conform to such action shall be prepared and executed, and in that case upon demand of the Owner of any Bond Outstanding at such effective date such new Bonds shall be exchanged at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, without cost to each Owner, for Bonds then Outstanding, upon surrender of such Outstanding Bonds.

Amendment by Mutual Consent. The provisions of the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE" shall not prevent any Owner from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

Opinion of Counsel. The Trustee may request and conclusively accept an opinion of counsel to the Agency that an amendment of the Indenture is in conformity with the provisions of the Indenture as summarized herein under the caption "AMENDMENT OF THE INDENTURE."

EVENTS OF DEFAULT AND REMEDIES OF OWNERS

Events of Default and Acceleration of Maturities. If one or more of the following events (herein called "Events of Default") shall happen, that is to say:

(a) If default shall be made in the due and punctual payment of the principal of, or premium, if any, on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) If default shall be made in the due and punctual payment of the interest on any Bond when and as the same shall become due and payable;

(c) If default shall be made by the Agency in the observance of any of the agreements, conditions or covenants on its part in the Indenture or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after the Agency shall have been given notice in writing of such default by the Trustee; provided, however, that such default shall not constitute an Event of Default under the Indenture if the Agency shall commence to cure such default within said 30-day period and thereafter diligently and in good faith proceed to cure such default within a reasonable period of time not to exceed 60 days after such notice; and provided further that no grace period for such covenant default shall exceed 30 days or be extended for more than 60 days without the without the prior written consent of the Bond Insurer, if any; or

(d) If the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, 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 Agency or of the whole or any substantial part of its property;

then, and in each and every such case during the continuance of such Event of Default, with the written consent of the Bond Insurer, if any, the Trustee may, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds Outstanding, shall, by notice in writing to the Agency, declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable. For all purposes of the Indenture as summarized herein under the caption "EVENTS OF DEFAULT AND REMEDIES OF OWNERS," the Bond Insurer, if any, is deemed to be an owner of one hundred percent (100%) of the Bonds insured by it unless such Bond Insurer, if any, is in default under the terms of its Bond Insurance Policy.

If, at any time after the principal of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, the Agency shall deposit with the Trustee a sum sufficient to pay all principal on the Outstanding Bonds and any Parity Debt matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest at the rate of ten per cent (10%) per annum on such overdue installments of principal and interest, and the reasonable expenses of the Trustee, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Outstanding Bonds and any Parity Debt due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Owners of at least twenty-five per cent (25%) in aggregate principal amount of Bonds Outstanding, by written notice to the Agency and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. No such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

An Event of Default shall continue to exist under subsections (a) and (b) above after payment is made by the Bond Insurer, if any, when due, pursuant to the terms of its Bond Insurance Policy.

Application of Funds Upon Acceleration. All money in the funds and accounts provided for in the Indenture upon the date of the declaration of acceleration by the Trustee as provided in the Indenture as summarized herein under the caption "EVENTS OF DEFAULT AND REMEDIES OF OWNERS - Events of Default and Acceleration of Maturities," and subject to the prior application and lien in favor of the Senior Bonds, all Tax Revenues thereafter received by the Agency under the Indenture, shall be transmitted to the Trustee and shall be applied by the Trustee in the following order:

First, to the payment of the costs and expenses of the Trustee, if any, in carrying out the provisions of the Indenture as summarized herein under the caption "EVENTS OF DEFAULT AND REMEDIES OF OWNERS," including reasonable compensation to its agents, attorneys and counsel and any outstanding fees and expenses of the Trustee and then to the payment of the costs and expenses of the Owners in providing for the declaration of such Event of Default, including reasonable compensation to their agents, attorneys and counsel;

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, (A) to the payment of the whole amount then owing and unpaid upon the Outstanding Bonds and any Parity Debt for principal of, and interest on the Outstanding Bonds and any Parity Debt, with interest on the overdue interest and principal at the rate of ten per cent (10%) per annum, and (B) in case such money shall be insufficient to pay in full the whole amount so owing and unpaid upon the Outstanding Bonds and any Parity Debt, then to the payment of such interest, principal, and 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.

Trustee to Represent Bondowners. The Trustee is irrevocably appointed under the Indenture (and the successive respective Owners of the Bonds, by taking and owning the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture, the Law and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Owners of the Bonds, the Trustee in its discretion may with the consent of the Bond Insurer, if any, and upon the written request of the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained under the Indenture, or in aid of the execution of any power granted under the Indenture, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the Indenture, the Law or any other law. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such Bonds, subject to the provisions of the Indenture.

Bondowners' Direction of Proceedings. The Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture; provided, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondowners not parties to such direction.

Limitation on Bondowners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Law or any other applicable law with respect to such Bond, unless (1) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default; (2) the Owners of not less than twenty-five per cent (25%) in aggregate principal amount of Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such suit, action or proceeding in its own name; (3) such Owner or said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (4) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared under the Indenture, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owner of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Indenture, the Law or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Non-Waiver. Nothing in the Indenture as summarized herein under the caption "EVENTS OF DEFAULT AND REMEDIES OF OWNERS" or in any other provision of the Indenture, or in the Bonds, shall affect or impair the obligation of the Agency, which is absolute and unconditional, to pay the principal of, and the interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as provided in the Indenture, out of the Tax Revenues pledged for such payment, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds and in the Indenture.

A waiver of any default or breach of duty or contract by any Owner shall not affect any subsequent default or breach of duty or contract, or impair any rights or remedies on any such subsequent default or breach. No delay or omission by any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Law or by the Indenture as summarized herein under the caption "EVENTS OF DEFAULT AND REMEDIES OF OWNERS" may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If any suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the Trustee, the Agency and the Owners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Remedies Not Exclusive. No remedy conferred upon or reserved under the Indenture to the Trustee or the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

DEFEASANCE

Discharge of Indebtedness. (a) If (i) the Agency shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Bonds and in the Indenture, and (ii) all other amounts due and payable under the Indenture shall have been paid, then the Owners shall cease to be entitled to the lien created under the Indenture, and all agreements, covenants and other obligations of the Agency under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Agency all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Agency all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of subsection (a) of this section, when any Bond shall have been paid and if, at the time of such payment, the Agency shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the lien created by the Indenture, and all agreements, covenants and other obligations of the Agency under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due.

Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the Indenture as summarized herein under the caption "DEFEASANCE - Discharge of Indebtedness." Any Outstanding Bond 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 the Indenture as summarized herein under the captions "DEFEASANCE - Discharge of Indebtedness" if:

(i) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Federal Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and

(ii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Agency shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (i) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with this section and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond.

Neither the money nor the Federal Securities deposited with the Trustee pursuant to this subsection in connection with the deemed payment of Bonds, nor principal or interest payments on any such Federal Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (i) of subsection (a) of this section unless the Agency shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (i) of subsection (a) of this section resulting in such deemed payment, which escrow agreement shall be acceptable to the Bond Insurer, if any, and provide that no substitution of Federal Securities shall be permitted except with other Federal Securities and upon delivery of a new Verification Report and no reinvestment of Federal Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an opinion of counsel of recognized standing in the field of law relating to municipal bonds, dated the date of such deemed payment and addressed to the Agency, the Trustee and the Bond Insurer, if any, insuring the Bonds to be defeased, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, and all agreements, covenants and other obligations of the Agency under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

The Bond Insurer, if any, shall be provided with drafts of the above-referenced documentation not less than five (5) business days prior to the funding of the escrow.

(c) The Trustee is entitled to rely upon (i) an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of subsection (a) of this section have been satisfied, and (ii) such other opinions, certifications and computations, of accountants or other financial consultants concerning the matters described in paragraph (a)(i) of this section.

MISCELLANEOUS

Liability of Agency Limited to Tax Revenues. The Agency shall not be required to advance any money derived from any source of income other than the Tax Revenues for the payment of the principal of, and the interest on the Bonds or for the performance of any covenants contained in the Indenture, other than the covenants contained in the Indenture as summarized herein under the caption "COVENANTS OF THE AGENCY - Tax Covenants; Rebate Fund." The Agency may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose.

The Bonds are special obligations of the Agency and are payable, as to interest thereon and principal thereof, exclusively from the Tax Revenues, and the Agency is not obligated to pay them except from the Tax Revenues. All of the Bonds are equally secured by a pledge of, and charge and lien upon, all of the Tax Revenues, and the Tax Revenues constitute a trust fund for the security and payment of the principal of, and the interest on the Bonds, to the extent set forth in the Indenture. The Bonds are not a debt of the City, the County, the State of California or any other political subdivision of the State, and neither said City, said State, said County nor any of the State's other political subdivisions is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Agency pledged therefor as provided in the Indenture. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction, and neither the City Council members acting for the Agency nor any persons executing the Bonds are liable personally on the Bonds by reason of their issuance.

Parties Interested in the Indenture. Nothing in the Indenture, expressed or implied, is intended to give to any person other than the Agency, the Trustee, the Bond Insurer, if any, and the Owners any right, remedy or claim under or by reason of the Indenture. Any covenants, stipulations, promises or agreements in the Indenture contained by and on behalf of the Agency or any City Council member or officer or employee of the Agency shall be for the sole and exclusive benefit of the Trustee, the Bond Insurer, if any, and the Owners.

Unclaimed Moneys. Any money held by the Trustee in trust for the payment and discharge of the interest on, or principal or prepayment premium, if any, of any Bond which remains unclaimed for two (2) years after the date when such amounts have become payable, if such money was held by the Trustee on such date, or for two (2) years after the date of deposit of such money if deposited with the Trustee after the date such amounts have become payable shall be paid by the Trustee to the Agency as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the Agency for the payment of such amounts; provided, that before being required to make any such payment to the Agency, the Trustee shall, at the expense of the Agency, give notice by first class mail to all Owners and to the Securities Depository and the MSRB that such money remains unclaimed and that after a date named in such notice, which date shall not be less than sixty (60) days after the date of giving such notice, the balance of such money then unclaimed will be returned to the Agency.

Moneys Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture as summarized herein under the caption "MISCELLANEOUS - Unclaimed Moneys," but without any liability for interest thereon.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Agency or any City Council member or officer or employee thereof is named or referred to, such reference shall be deemed to include the successor to the powers, duties and functions, with respect to the management, administration and control of the affairs of the Agency, that are presently vested in the Agency or such City Council member, officer or employee, and all the agreements, covenants and provisions contained in the Indenture by or on behalf of the Agency or any City Council member, officer or employee thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any request, declaration or other instrument which the Indenture may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Indenture, the fact and date of the execution by any Owner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable. The ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books provided for in the Indenture.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done by the Agency in good faith and in accordance therewith.

Waiver of Personal Liability. No City Council member or officer or employee of the Agency shall be individually or personally liable for the payment of the principal of, premium, if any, and the interest on the Bonds; but nothing contained in the Indenture shall relieve any City Council member or officer or employee of the Agency from the performance of any official duty provided by law.

Acquisition of Bonds by Agency. All Bonds acquired by the Agency, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Agency or the Trustee may be established and maintained in the accounting records of the Agency or the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practices and with due regard for the protection of the security of the Bonds and the rights of the Owners.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof provided in the Indenture to be performed on the part of the Agency (or of the Trustee) should be contrary to law, then such agreement or agreements, such covenant or covenants, or such portions thereof, shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Indenture or of the Bonds; but the Owners shall retain all the rights and benefits accorded to them under the Law or any other applicable provisions of law. The Agency declares that it would have entered into the Indenture and each and every other section, paragraph, subdivision, sentence, clause and phrase of the Indenture and would have authorized the issuance of the Bonds pursuant to the Indenture irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

California Law. The Indenture of Trust shall be construed and governed in accordance with the laws of the State of California.

APPENDIX C

FORM OF BOND COUNSEL OPINION

Upon issuance of the Series 2017 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Agency, proposes to render its final approving opinion with respect to the Series 2017 Bonds in substantially the following form:

[Date of Delivery]

Successor Agency to the Community Redevelopment
Agency of the City of Moreno Valley
Moreno Valley, California

Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley
Subordinate Tax Allocation Refunding Bonds, Series 2017
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (the "Agency") in connection with issuance of $38,045,000 aggregate principal amount of Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley Subordinate Tax Allocation Refunding Bonds, Series 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2017 (the "Indenture"), by and between the Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, opinions of counsel to the Agency and the Trustee, certificates of the Agency, 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 Series 2017 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 Agency. 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 Indenture 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 Series 2017 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 Series 2017 Bonds, the Indenture 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 successor redevelopment agencies 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 Indenture 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 Series 2017 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 Series 2017 Bonds constitute the valid and binding limited obligations of the Agency.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Agency. The Indenture creates a valid pledge to secure the payment of the principal of and interest on the Series 2017 Bonds of, and lien on, the Tax Revenues and any other amounts held by the Trustee in any fund or account established pursuant to the Indenture, except the Rebate Fund, subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the Series 2017 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 Series 2017 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 Series 2017 Bonds.

Faithfully yours,

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Agency takes no responsibility for the completeness or accuracy thereof. The Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2017 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2017 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2017 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2017 Bonds. The Series 2017 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 certificate will be issued for each maturity of the Series 2017 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 3.5 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 Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017 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 Series 2017 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 Series 2017 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 Series 2017 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 the transmission to them of notices of significant events with respect to the Series 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2017 Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Series 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity 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 Agency 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Series 2017 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 Agency or the Trustee, on 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, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Series 2017 Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Agency 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 depository with respect to the Series 2017 Bonds at any time by giving reasonable notice to the Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Series 2017 Bonds are required to be printed and delivered.

The Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Series 2017 Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this Appendix concerning DTC and DTC's book-entry system has been obtained from sources that the Agency believes to be reliable, but the Agency takes no responsibility for the accuracy thereof.

APPENDIX E

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016

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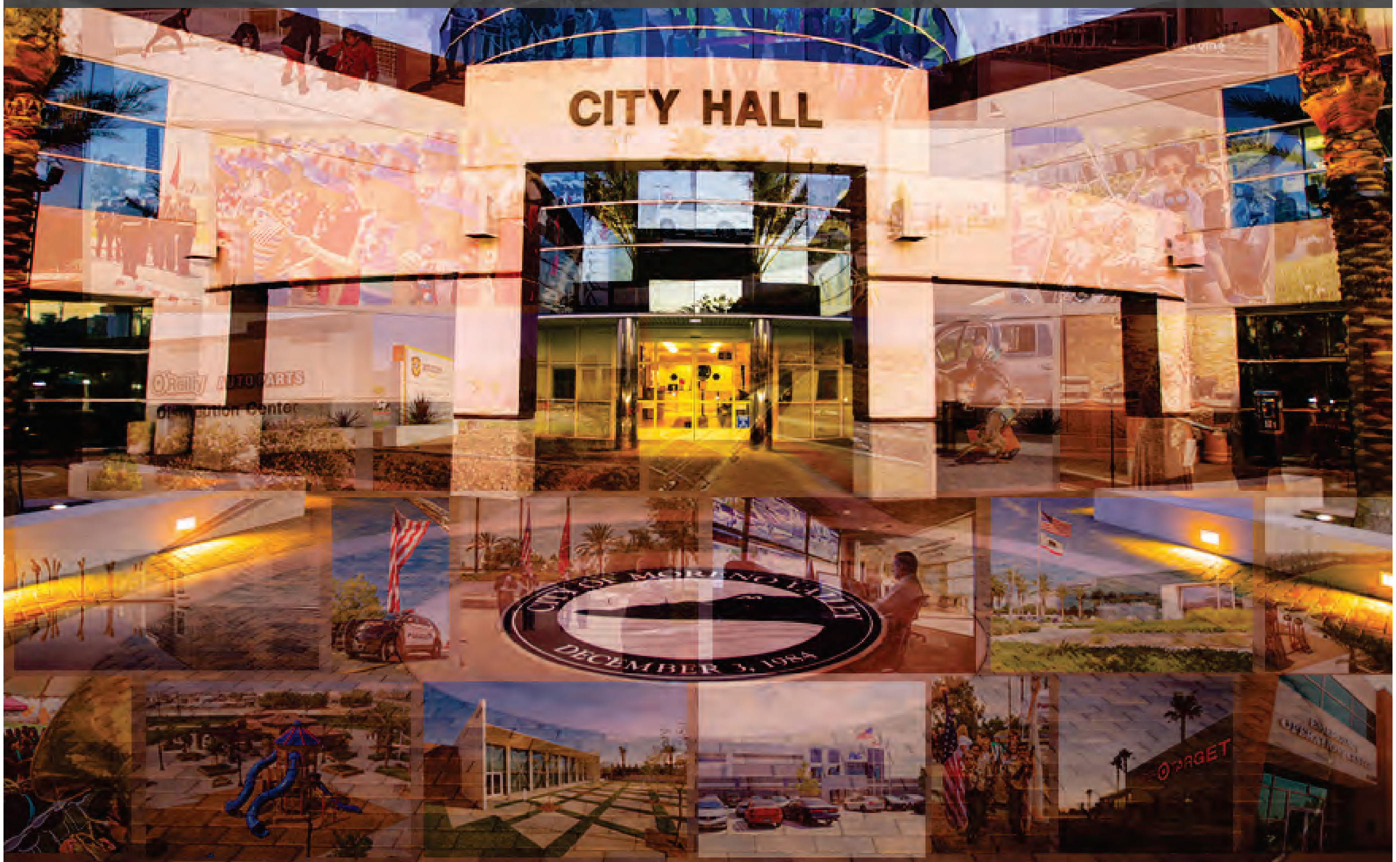
Comprehensive Annual Financial Report



City of Moreno Valley, California

FISCAL YEAR ENDED JUNE 30, 2016

City of Moreno Valley, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

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CITY OF MORENO VALLEY

DECEMBER 3, 1984

Introductory Section

Comprehensive Annual Financial Report

Fiscal Year
Ended June 30, 2016

TEL: 951.413.3021
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WWW.MOVAL.ORG

MORENO VALLEY
WHERE DREAMS SOAR

14177 FREDERICK STREET
P.O. BOX 88005
MORENO VALLEY, CA 92552-0805

December 6, 2016

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, 2016.

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 Vasquez & Company, 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, 2016. An unqualified opinion reflects the auditor's judgment that the City's financial records and statements are fairly and appropriately presented, and are in accordance with GAAP. 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 205,383 continues to be the second largest city in Riverside County.

During the 2015/16 fiscal year, the City operated 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 and fire), animal control services, disaster preparedness, 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, the 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 approved as a two-year budget. The City Manager presents the proposed two-year budget to the City Council for review in April/May of the first budget year. The Council holds a series of public meetings on the proposed budget, and generally adopts a final budget no later than June 30th. The second budget year is amended as needed to update revenue and expenditures. The City's fiscal year is July 1st through June 30th. 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 and departments, provided that such transfers do not increase the overall budget. Appropriations that increase the fund 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 Financial section of this report. The budget-to-actual comparisons for the non-major governmental funds can be found in the Supplemental Schedules 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 ideally located at the junction of State Route 60 and Interstate 215 in the Inland Empire, which consists of Riverside and San Bernardino Counties. The City continues to be a leader in business development with an array of undeveloped land, development opportunities, entitled development projects, and available lease space at economically feasible prices.

During the last couple of years the City has experienced increased development activity in new retail, commercial and industrial construction and development. Several Fortune 500 companies such as Amazon and Proctor & Gamble have chosen Moreno Valley and positively impacted industrial growth with construction and occupancy of distribution centers. After a lengthy national site competition among numerous states, the Karma automobile manufacturer selected Moreno Valley for their project site to introduce the electric hybrid car manufacturing industry into the region. The initial development planning of a 2,610-acre World Logistics Center (WLC) business park designed to support the requirements of large global companies and their logistics operations has started in the eastern portion of the City. Additionally, Aldi Foods chose Moreno Valley as a part of their coast-to-coast expansion and entrance into the California market with construction and occupancy of a regional headquarters and distribution center. New construction in the residential sector continues at a slow pace as the local economy continues to recover from the most recent recession.

Long-term financial planning. In June 2015, the City Council approved a two year Operating Budget for fiscal years 2015/2016 and 2016/2017 that not only is balanced without the use of General Fund reserves, it also restored services and increased customer service standards for our development community, customers, and citizens. Through quarterly budget review meeting and continued development of a Long Range Business Plan, the City continues to be responsive to any financial changes and remains focused on the long term impacts of any financial decisions. The City also 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. These actions provide the City Council with expected results of operations based on their budget and other policy decisions within the scope of projected revenues and expenditures.

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, 2015. This was the eighteenth 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 City also received the first award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended June 30, 2015. The development of the supplemental PAFR is just one piece of the City's increased public communication efforts to increase transparency and public awareness.

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, Vasquez & Company LLP, for their assistance in preparing this important financial document.

Respectfully submitted,

Marshall Eyerman
Chief Financial Officer

CITY OF MORENO VALLEY, CALIFORNIA

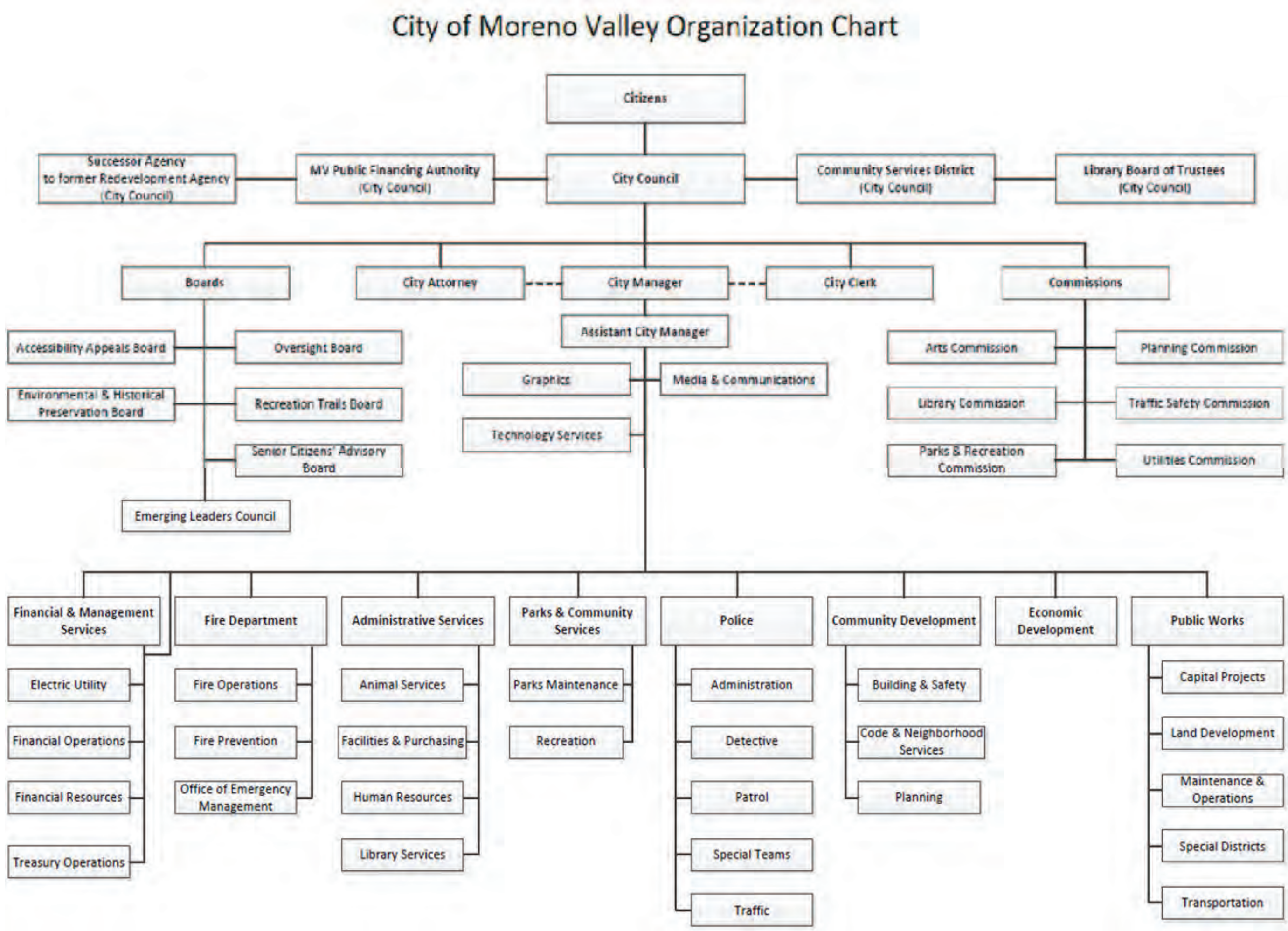
MUNICIPAL OFFICIALS
June 30, 2016

CITY COUNCIL

Dr. Yxstian Gutierrez, Mayor
Jeffrey Giba, Mayor Pro Tem
D. LaDonna Jempson, Councilmember
Jesse L. Molina, Councilmember
George Price, Councilmember

EXECUTIVE OFFICERS

Michelle Dawson, City Manager
Tom DeSantis, Assistant City Manager
Steve Quintanilla, Interim City Attorney
Vacant, City Clerk
Marshall Eyerman, Chief Financial Officer/City Treasurer
Ahmad Ansari, P.E., Public Works Director/City Engineer
Allen Brock, Community Development Director
Mike Lee, Economic Development Director
Terrie Stevens, Administrative Services Director
Abdul Ahmad, Fire Chief
Gabriel Garcia, Parks & Community Services Director
Joel Ontiveros, Police Chief


City of Moreno Valley Organization Chart
Citizens
Successor Agency to former Redevelopment Agency (City Council)
MV Public Financing Authority (City Council)
City Council
Community Services District (City Council)
Library Board of Trustees (City Council)
Boards
City Attorney
City Manager
City Clerk
Commissions
Assistant City Manager
Accessibility Appeals Board
Oversight Board
Environmental & Historical Preservation Board
Recreation Trails Board
Senior Citizens' Advisory Board
Emerging Leaders Council
Graphics
Media & Communications
Technology Services
Arts Commission
Planning Commission
Library Commission
Traffic Safety Commission
Parks & Recreation Commission
Utilities Commission
Financial & Management Services
Electric Utility
Financial Operations
Financial Resources
Treasury Operations
Fire Department
Fire Operations
Fire Prevention
Office of Emergency Management
Administrative Services
Animal Services
Facilities & Purchasing
Human Resources
Library Services
Parks & Community Services
Parks Maintenance
Recreation
Police
Administration
Detective
Patrol
Special Teams
Traffic
Community Development
Building & Safety
Code & Neighborhood Services
Planning
Economic Development
Public Works
Capital Projects
Land Development
Maintenance & Operations
Special Districts
Transportation

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

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For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

Financial Section

Comprehensive Annual Financial Report

City of Moreno Valley
December 3, 1984

Fiscal Year Ended June 30, 2016

Vasquez & Company LLP
Certified Public Accountants and Business Consultants

801 South Grand Ave., Suite 400
Los Angeles, CA 90017
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Fax (213) 873-1777
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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, 2016, 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.

Auditor's 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 City'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 City'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.

Opinion

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, CSD Zones Special Revenue Fund, Development Impact Fees Special Revenue Fund, Housing Authority Special Revenue Fund, Neighborhood Stabilization Grant Special Revenue Fund and Facility Construction Capital Project 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 on pages 5 through 17 and required supplementary information on pages 100 through 101 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.

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 December 6, 2016 on our consideration of the City's internal control over financial reporting and our tests of 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. 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.

Vasquez + Company LLP

Los Angeles, California
December 6, 2016

City of Moreno Valley, California

Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the City of Moreno Valley provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter located in the introductory section, and financial statements which follow this discussion.

Financial Highlights

- In the Government-Wide - Statement of Net Position: The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $1.04 billion (net position) at June 30, 2016.
- In the Government-Wide - Statement of Net Position: The City's total net position increased $23.1 million for fiscal year 2015-2016.
- In the Governmental Fund – Balance Sheet: The General Fund had an end of year fund balance of $51.1 million. This was an increase of $7.7 million and an increase of 17.7% in comparison with the prior year.
- In the Governmental Fund – Balance Sheet: The General Fund had $37.0 million in unassigned fund balance an increase of $5.9 million in comparison with the prior year. This amount is not constrained in any way and is available for any purpose.
- The total debt of the City showed a net increase of $7.8 million (8.0%) during the current fiscal year. The increase was primarily a result of the issue of a 2015 Lease Revenue Bond in the amount of $10.4 million to partially finance the Kitching Substation project.

Overview of Financial Statements

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Components of the Basic Financial Statements

Government-wide Financial Statements	Provide both long-term and short-term information about the City's overall financial status
Fund Financial Statements	Focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
Notes to the Financial Statements	Additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

MORENO VALLEY
SERVICE THAT SOARS

Government-wide Financial Statements. The government-wide statements report information about the city as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities, as well as any deferred outflows or inflows. The statement of activities includes all current year revenues and expenses regardless of when cash is received or paid. These government-wide statements report the City's net position and how the City's net position has changed during the fiscal year. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the City is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* - Most of the City's basic services are included here, such as police, fire, public works, community development, parks and recreation, and general government. Taxes and state and federal grants finance most of these activities.

- *Business-type activities* - Certain services provided by the City are funded by customer fees. The business-type activities of the City include the Electric Utility.

- *Component unit* - The City includes the Moreno Valley Community Services District, Moreno Valley Public Financing Authority, and the Moreno Valley Public Facilities Financing Corporation in its basic financial statements because, although legally separate, the City is financially accountable for them.

Fund Financial Statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's largest funds, not the City as a whole. All of the funds of the City can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds - Governmental fund statements tell how general government services such as police, fire and public works were financed in the short-term as well as what remains for future spending. Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliations that explain the relationship (or differences) between governmental funds and governmental activities follow the governmental fund statements.

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, the Community Services District Zones, the Development Impact Fees, the Housing Authority Special Revenue Funds, and the Neighborhood Stabilization Grant 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.*

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, equipment replacement, and compensated absences.

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 fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, to whom the resources belong. The City is the trustee, or *fiduciary*. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these resources to finance its operations.

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 financial statements.

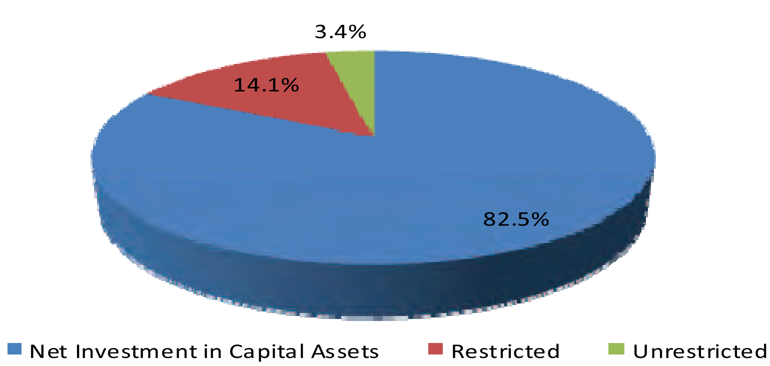
Financial Analysis of the Government-wide Statements

This section provides analysis of the government-wide financial statements including long-term and short-term information about the City's overall financial condition. The following graphs and tables address the financial results of the City as a whole for fiscal year ended June 30, 2016. Comparative data from fiscal year ended June 30, 2016 is also represented in the table.

<u>Analysis of Net Position</u>

Net Position represents the difference between the City's resources and its obligations. As noted earlier, net position may serve as a useful indicator of a government's financial position. The following graphs and table address the financial results of the City as a whole. The City's combined net position as of June 30, 2016 was $1.04 billion.

City of Moreno Valley's Net Position



City of Moreno Valley's Net Position (continued)
($000's)

	Governmental Activities		Business-type Activities		Totals	
	2015	2016	2015	2016	2015	2016
Current and other assets	$ 242,486	$ 257,000	$ 12,784	$ 28,547	$ 255,270	$ 285,547
Capital assets	907,164	905,590	38,374	40,893	945,538	946,483
Total Assets	1,149,650	1,162,590	51,158	69,440	1,200,808	1,232,030
Deferred outflows of resources	4,795	9,543	123	352	4,918	9,895
Current liabilities	21,416	22,110	3,614	4,680	25,030	26,790
Long-term liabilities	128,961	129,440	28,469	38,422	157,430	167,862
Total Liabilities	150,377	151,550	32,083	43,102	182,460	194,652
Deferred inflows of resources	7,581	8,424	195	226	7,776	8,650
Net investment in capital assets	848,136	843,153	10,903	13,978	859,039	857,131
Restricted	115,008	141,628	3,803	4,606	118,811	146,234
Unrestricted	33,343	27,377	4,298	7,881	37,641	35,258
Total Net Position	$ 996,487	$ 1,012,158	$ 19,004	$ 26,465	$ 1,015,491	$ 1,038,623

Total net position of the City of Moreno Valley increased by 2.0% from $1.02 billion at June 30, 2015 to $1.04 billion at June 30, 2016 and includes unrestricted fund balance of $35.3 million. Total assets increased $31.2 million and total liabilities increased $12.2 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes:

Governmental Activities

Total assets increased by $12.9 million primarily due to increase in cash and investments and funds due from other governments.

Net investment in capital assets decreased $5.0 million as a direct result of net decrease in capital asset. The current year capital asset additions of $61.4 million were offset by current year depreciation expense of $30.5 million and retirements (including transfers from CIP) net of accumulated depreciation of $32.5 million for a net decrease of $1.6 million.

Restricted net position increased by $26.6 million as funds continue to be captured and programmed mostly in the areas of community development and infrastructure.

Business-type Activities

Current and other assets of business-type activities increased $15.8 million over last year. This was primarily due to a portion of the Electric Utility's profits being retained for future infrastructure investment and bond proceeds being unspent as of June 30, 2016.

Capital assets increased $2.5 million due to capital asset additions of $3.8 million offset by current year depreciation expense of $1.0 million and retirements net of accumulated depreciation of $0.3 million. Capital asset additions include the construction of the Kitching Substation as well as other electric utility facility upgrades. More capital asset information is located in Note 5 to the financial statements.

Net investment in capital assets increased $3.1 million as a direct result of the addition of the capital assets mentioned above.

Unrestricted net position increased $3.6 million during the year as the Electric Utility operation resulted in an income of $7.5 million.

Analysis of the Changes in Net Position

Total government-wide revenues increased $3.5 million, a 1.9 percent increase from the prior year, and the total expenses decreased $1.9 million, a 1.1 percent decrease.

The following table represents a summary of the changes in net position of the City's governmental and business-type activities, as of June 30, 2016. Comparative data from fiscal year ended June 30, 2015 is also presented.

Changes in Net Position
($000's)

	Governmental		Business-type		Totals	
	2015	2016	2015	2016	2015	2016
Revenues						
Program Revenues:						
Charges for services	$ 25,260	$ 25,186	$ 27,679	$ 29,364	$ 52,939	$ 54,550
Operating contributions and grants	27,079	22,871	-	-	27,079	22,871
Capital contributions and grants	21,732	18,079	-	-	21,732	18,079
General Revenues:						
Property tax	15,600	17,010	-	-	15,600	17,010
Property tax in lieu	15,138	16,409	-	-	15,138	16,409
Transient occupancy tax	1,197	1,416	-	-	1,197	1,416
Sales tax	16,130	18,938	-	-	16,130	18,938
Franchise tax fees	5,886	5,494	-	-	5,886	5,494
Business license tax	1,887	2,249	-	-	1,887	2,249
Utility users tax	16,138	15,825	-	-	16,138	15,825
Franchise in lieu tax	278	293	-	-	278	293
Documentary transfer tax	503	740	-	-	503	740
Other taxes	6,513	6,529	-	-	6,513	6,529
Use of money and property	3,440	4,774	138	203	3,578	4,977
Contributed capital	-	-	1,000	1,886	1,000	1,886
Other	403	2,183	142	238	545	2,421
Total Revenues	157,184	157,996	28,959	31,691	186,143	189,687
Expenses:						
General government	26,676	17,251	-	-	26,676	17,251
Public safety	56,270	56,239	-	-	56,270	56,239
Community development	9,874	9,527	-	-	9,874	9,527
Community and cultural	20,589	20,911	-	-	20,589	20,911
Public works	29,397	34,772	-	-	29,397	34,772
Interest on long-term debt	3,338	3,626	-	-	3,338	3,626
Electric	-	-	22,278	24,230	22,278	24,230
Total Expenses	146,144	142,326	22,278	24,230	168,422	166,556
Change in Net Position	11,040	15,671	6,681	7,461	17,721	23,132
Net Position Beginning of Year	985,447	996,487	12,323	19,004	997,770	1,015,491
Net Position End of Year	$ 996,487	$ 1,012,158	$ 19,004	$ 26,465	$ 1,015,491	$ 1,038,623

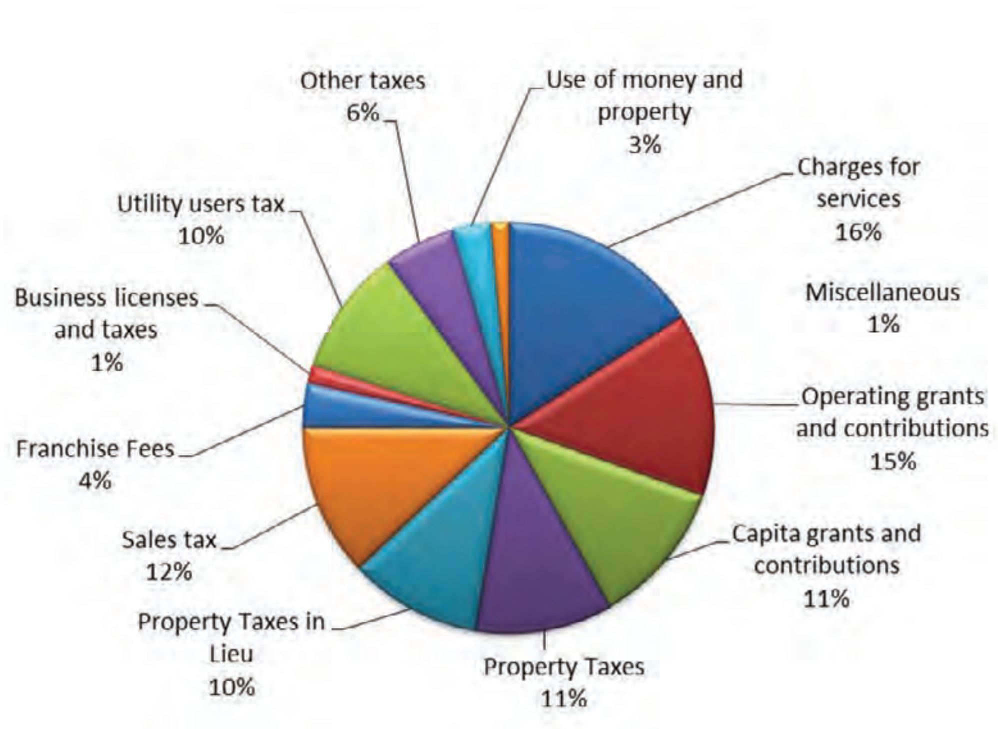
Governmental Activities

The City's governmental revenues increased $0.8 million, a 0.5 percent increase from the prior year, and the total expenses decreased $3.8 million, a 2.6 percent decrease. The following discusses the changes in more detail.

Revenue

Program revenues decreased $7.9 million primarily as a result of decreased operating and capital grants and contributions. General revenues increased $8.7 million with the increases in Property tax, Property tax in lieu, Sales tax and Use of money and property contributing the largest percentages.

Revenues by Source – Governmental Activities



Expense

Total governmental expenses decreased by $3.8 million. This decrease is primarily due to a reduction of expenses in general government of $9.4 million offset with an increase in public works of $5.4 million.

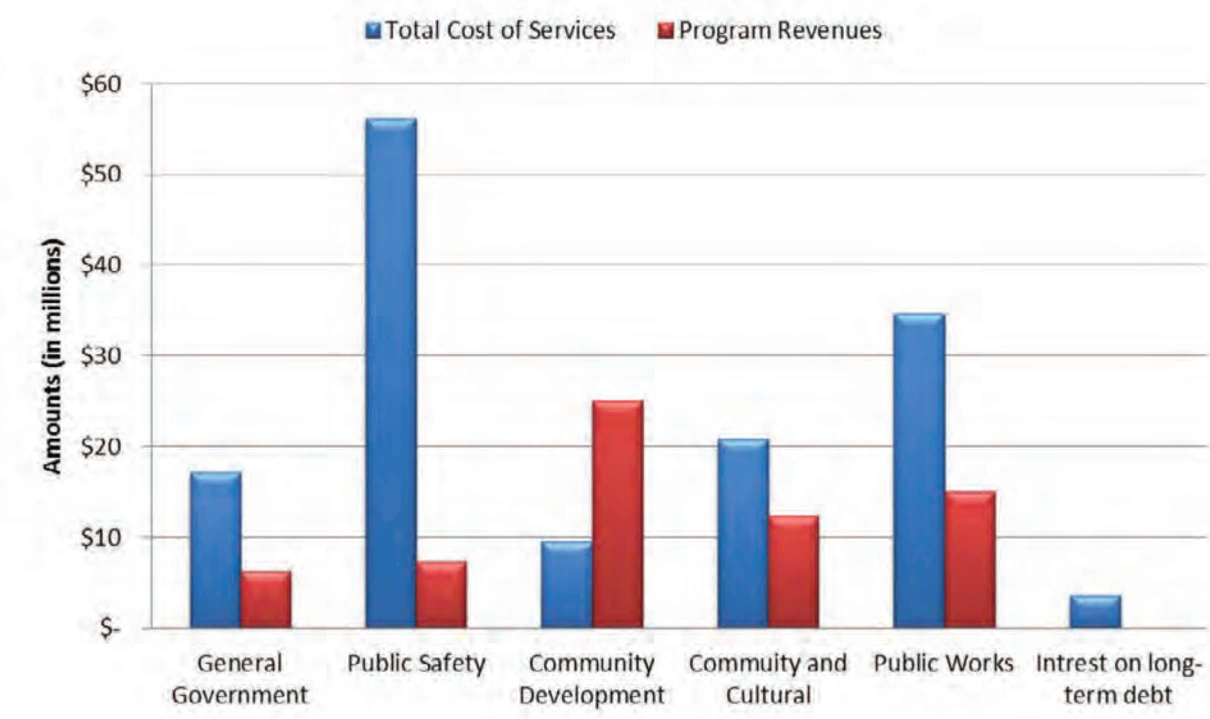
The following table presents the cost of each of the six major program categories, and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the amount paid for by general revenue sources that are generated by all City taxpayers. As illustrated, program revenues recovered $66.1 million of the cost of providing these services.

Governmental Activities - Net Cost of Services
For the year ended June 30, 2016

	Total Cost of Services	Net Cost of Services
General government	$ 17,250,813	$ (10,986,653)
Public safety	56,238,838	(48,875,101)
Community development	9,527,082	15,577,019
Community and cultural	20,910,561	(8,545,606)
Public works	34,772,563	(19,733,022)
Interest on long-term debt	3,625,887	(3,625,887)
TOTAL	$ 142,325,744	$ (76,189,250)

The City paid for the remaining public benefit portion of these governmental activities with $76 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, 2016



Business-type Activities

The City's business-type activities include the activities of the Electric Utility. Total revenues for business-type activities increased $2.7 million from the prior year or 9.4%. Total expenses increased $2 million or 8.8%. The following discusses the changes in more detail.

Revenue

Charges for services increased $1.7 million as a result of an increase in demand with the addition of Amazon, Proctor & Gamble, and Decker's distribution centers. Contributed capital also increased $0.9 million as a result of increased development contributions to the City's electric utility infrastructure.

Expenses

Expenses in the Electric Utility increased $2 million. This increase was primarily a direct result of purchasing additional power associated with providing services to an increased customer base.

<u>Financial Analysis of the Fund Statements</u>

Funds are accounting devices that the city uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements focus on individual parts of City governments, reporting City operations in more detail than the government-wide statements.

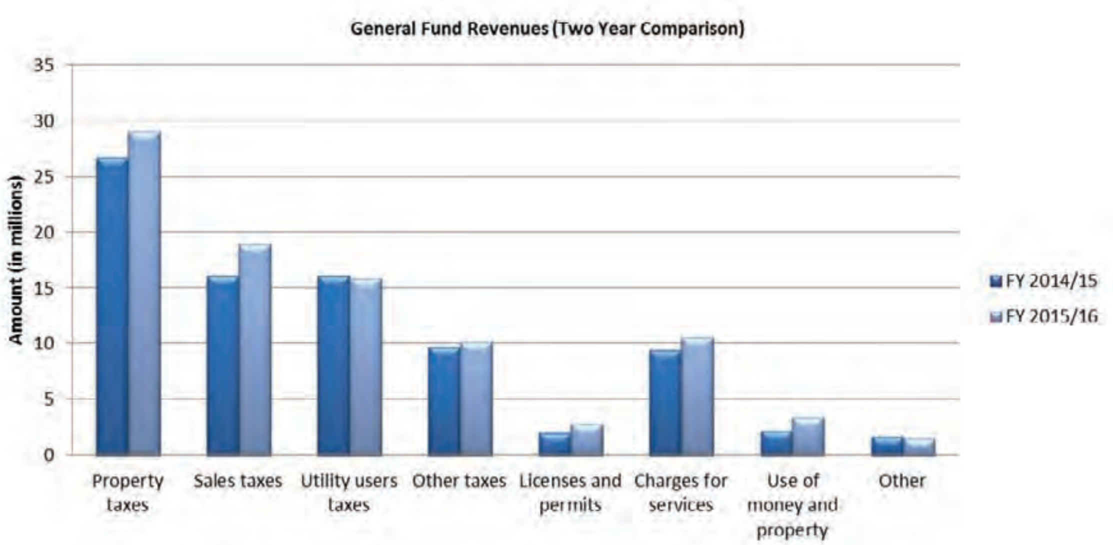
Total fund balances presented in the governmental funds balance sheet are $161.1 million, with the General Fund representing $51.1 million, or 31.7% of the total. The City's General Fund has unassigned fund balance of $37.0 million.

General Fund Financial Results

The General Fund was anticipated to have a net increase to fund balance of $0.3 million. Actual results increased fund balance by $7.7 million over FY 2014-15. Actual results realized an unanticipated overall revenue increase of $2.4 million along with expenditure and transfer savings of $5.0 million.

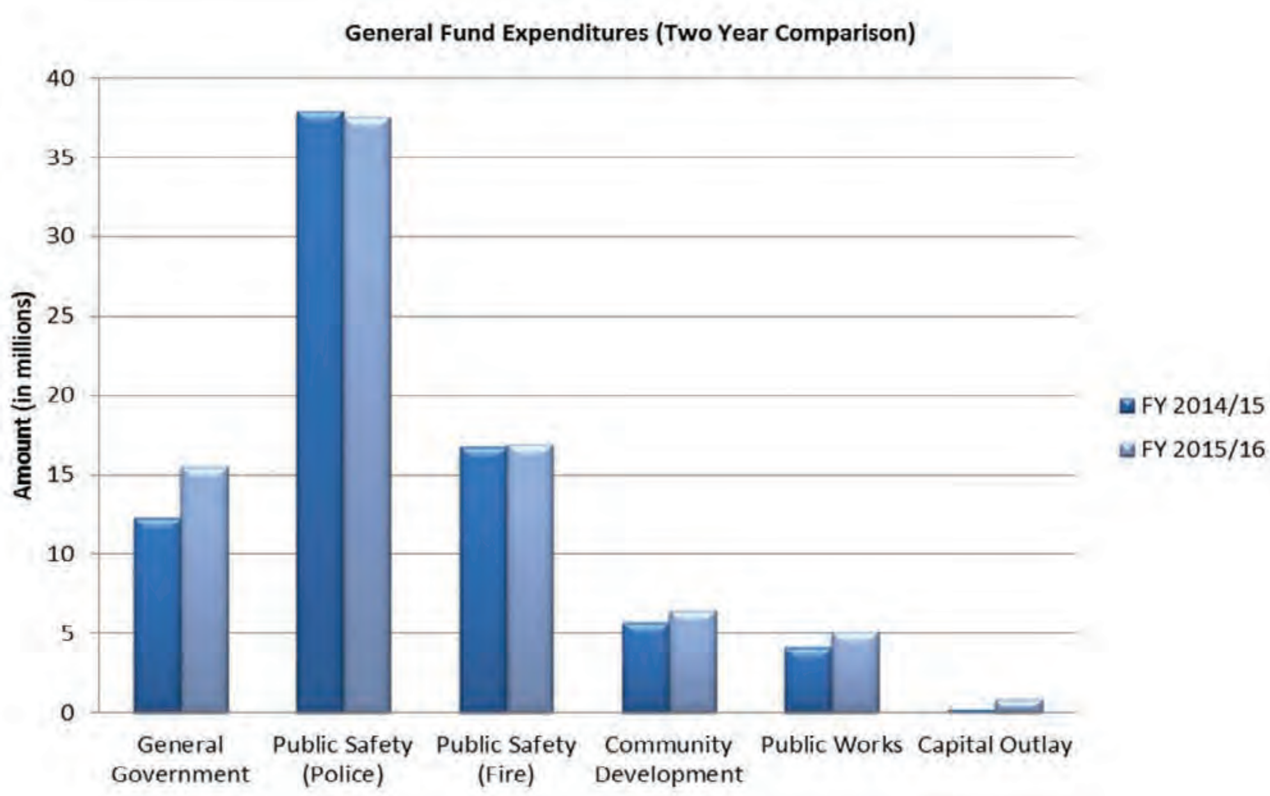
General Fund tax revenues were $1.9 million more than anticipated and an increase in the use of money and property of $0.1 million all contributed to the unanticipated revenue increase.

The following graph presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2015 and 2016.



General Fund actual expenditures were $7.4 million less than the final budget. The major contributor to this result was in large part due to a combination of Police and Fire Services, and Public Work activities coming in under budget by $3.5 million. This savings is primarily as a result of contract service savings along with the longer than anticipated delivery of specialized vehicles and equipment.

The following graph presents a comparison of each General Fund expenditure category for the fiscal years ended June 30, 2015 and 2016.



Other Major Fund Financial Results

The fund balance of the Community Service District Zones Special Revenue Fund increased by $1.5 million over FY 2014-15. 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 primary contributor to this result was in large part due to a combination of Public Work and Community and Cultural activities coming in under budget by $2.3 million.

The fund balance of the Development Impact Fees Special Revenue Fund increased by $0.9 million over FY 2014-15. 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 primarily due to the current receipt of fees from the new development projects within the City, which are committed for future public improvement projects.

The fund balance of the Housing Authority Fund decreased $0.1 million under FY 2014-15. This fund accounts for the housing assets as a result of the dissolution of the redevelopment agency of the City. In FY 2015-16 the fund balance decreased as a direct result of costs directly associated with the monitoring and management of the housing assets to ensure proper compliance with regulations.

The fund balance of the Neighborhood Stabilization Grant Fund remained zero. This fund accounts for the grant allocation received by the City from Housing and Urban Development to address the foreclosure crisis and implement a neighborhood stabilization program.

The fund balance of the Facility Construction Fund decreased $1.6 million in comparison with prior year. This fund is used to account for City facility related capital projects. The decrease in fund balance is primarily due to the construction of Phase I for the new Corporate Yard Facility.

Capital Asset and Debt Administration

Capital Assets

At the end of FY 2015-16, the City's governmental activities had $1.3 billion ($905.6 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 current year capital asset additions of $61.4 million were offset by current year depreciation expense of $30.5 million and retirements (including transfers from CIP) net of accumulated depreciation of $32.5 million for a net decrease of $1.6 million primarily attributed to the decrease in construction-in-progress and machinery and equipment.

At June 30, 2016, the City's business-type activities had $48.7 million ($40.9 million net of depreciation) invested in capital assets, primarily utility infrastructure. The current capital asset additions of $3.8 million were offset by current depreciation expense of $1.0 million and retirements net of accumulated depreciation of $0.3 million for a net increase of $2.5 million. This increase was primarily the result of the construction of the Kitching Substation and SCE Facility Upgrades.

City of Moreno Valley
Capital Assets
($000's)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2015	2016	2015	2016	2015	2016	
Land	$ 310,197	$ 310,197	$ 1,729	$ 1,729	$ 311,926	$ 311,926	0%
Buildings and Improvements	137,931	141,891	-	-	137,931	141,891	3%
Machinery and Equipment	19,752	19,420	-	-	19,752	19,420	-2%
Vehicles	9,050	9,259	-	-	9,050	9,259	2%
Construction in Progress	32,746	19,494	5	1,410	32,751	20,904	-36%
Infrastructure	804,150	839,999	43,731	45,592	847,881	885,591	4%
	1,313,826	1,340,260	45,465	48,731	1,359,291	1,388,991	2%
Accumulated Depreciation	(406,662)	(434,670)	(7,091)	(7,838)	(413,753)	(442,508)	7%
Total Capital Assets	$ 907,164	$ 905,590	$ 38,374	$ 40,893	$ 945,538	$ 946,483	0%

Some of the major capital projects from the Capital Improvement Plan that were completed during the current fiscal year were:

- State Route 60/Nason St. Bridge
- Corporate Yard Facility – Phase 1
- Perris Blvd./Ironwood Ave. to Manzanita Street Improvement
- Sunnymead Blvd./Indian St.-SR-60/Perris Blvd Off Ramp
- Nason St./Riverside County Regional Medical Center Traffic Signals
- Emergency Vehicle Pre-Emption system

Some major capital projects under construction at the end of the fiscal year which are expected to be completed by the end of the next fiscal year are:

- Cycle 2 Citywide Pavement Resurfacing
- Bike Lane Improvements (12 locations)
- Reche Vista Drive Realignment
- Citywide Pedestrian Improvements

Other major projects that are in the Design, Environmental and Right of Way Acquisition Phases are:

- Farragut Ave. Street Improvements
- Sunnymead Master Drainage Plan
- Hubbard St. Storm Drain
- Safe Routes to School Street Improvements
- Juan Bautista de Anza Trail
- Intelligent Transportation System (ITS) Deployment Phase 1B

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


Corporate Yard Facility


Corporate Yard Facility

Long-Term Debt

At year-end, the City's governmental activities had $68.3 million in bonds, notes, certificates of participation, leases, and compensated absences, versus $70.4 million last year, a decrease of $2.1 million, or 3%. This decrease was due primarily to principal payments on the special tax bonds, lease revenue bonds and notes, and other.

At June 30, 2016, the City's business-type activities had $37.0 million in bonds and compensated absences versus $27.1 million last year, an increase of $9.9 million. The increase was primarily due to the issue of a 2015 lease revenue bond for $10.4 million to partially finance the Kitching Substation project.

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

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

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, 2016, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2015-16 and future years.

The economic recovery of the City of Moreno Valley has continued to demonstrate steady improvements as our tax revenues continue to experience moderate growth. Although the economic downturn has impacted Moreno Valley, with a population estimate of 205,383, Moreno Valley is still experiencing population growth. 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.

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 2015-16 several new retail and industrial developments opened adding to the sales tax base which will provide a foundation for sales tax revenue to continue 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. Following this path the City Council recently approved the largest single industrial development project in California's history, the World Logistic Center which is a world class business park specifically designed to support the requirements of large global companies and their logistics operations. The impact of these actions by City Council has had a positive influence on the unemployment rate in our City as we continue to experience a decrease in the unemployment rate. Further, the City celebrated the grand opening of many new restaurants in FY 2015-16. Recently opened dining establishments this year included: El Pollo Loco, Armando's

Mexican Restaurant, Cumin Thai, Tilted Kilt, Charley's Philly Steak, Knockout Burgers & Gyros, Mechie's Frozen Yogurt, PizaCode, Pupuseria Ita's Salvadorian restaurant, Rally's Burgers, Shrimp Factory. Creating employment opportunities and job growth is important to the continued development of the community and to the growth of the City's tax revenue base in the future.

In last year's credit status review by Standard & Poor's the City's credit rating was upgraded to A positive with a stable outlook. A key factor in achieving the strong rating result was the action of City Council and the City Manager to balance the City's General Fund budget. The City's ongoing commitment to fiscal responsibility and effective management is continuously demonstrated as we navigate complex fiscal challenges without the use of General Fund reserves. Our City Council and management team strategized, planned and delivered on a balanced budget and as revenues continue to steadily grow we look forward to strategizing and planning our continued economic recovery.

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.

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City of Moreno Valley, California

Statement of Net Position
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Pooled cash and investments (note 3)	$ 155,226,269	$ $ 14,779,946	$ 170,006,215
Receivables:			
Accounts	2,764,928	3,642,083	6,407,011
Notes and loans (note 4)	46,540,686	-	46,540,686
Notes to Successor Agency (note 4)	14,805,341	-	14,805,341
Interest	2,868,309	-	2,868,309
Due from agency funds	4,267	-	4,267
Prepaid costs	8,034	-	8,034
Due from other governments	22,805,290	-	22,805,290
Inventories	30,744	326,795	357,539
Land held for resale	6,776,170	-	6,776,170
Restricted assets:			
Cash with fiscal agents (note 3)	5,169,663	9,798,668	14,968,331
Capital assets not being depreciated (note 5)	329,690,754	3,139,281	332,830,035
Capital assets, net of depreciation (note 5)	575,898,974	37,753,699	613,652,673
Total Assets	**1,162,589,429**	**69,440,472**	**1,232,029,901**
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	9,542,694	352,282	9,894,976
Total Deferred Outflows of Resources	**9,542,694**	**352,282**	**9,894,976**
Liabilities			
Accounts payable	19,472,256	3,479,536	22,951,792
Accrued liabilities	1,201,992	-	1,201,992
Accrued interest	417,655	319,068	736,723
Unearned revenue	765,714	21,622	787,336
Deposits payable	3,539	859,849	863,388
Due to other governments	248,835	-	248,835
Noncurrent liabilities:			
Long-term debt, due within one year (note 6)	7,440,759	1,002,430	8,443,189
Long-term debt, due in more than one year (note 6)	66,471,996	35,957,265	102,429,261
Net pension liability	55,526,975	1,462,149	56,989,124
Total Liabilities	**151,549,721**	**43,101,919**	**194,651,640**
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	8,424,289	226,089	8,650,378
Total Deferred Inflows of Resources	**8,424,289**	**226,089**	**8,650,378**
Net Position			
Net investment in capital assets	843,153,359	13,977,670	857,131,029
Restricted for:			
Community development projects	67,426,468	-	67,426,468
Public safety	473,282	-	473,282
Community and cultural	17,003,008	-	17,003,008
Public works	21,608,793	-	21,608,793
Capital projects	24,336,735	-	24,336,735
Debt service	9,734,330	-	9,734,330
Permanent funds - nonexpendable	337,682	-	337,682
Water quality	707,617	-	707,617
Public purpose programs	-	4,605,893	4,605,893
Unrestricted	27,376,839	7,881,183	35,258,022
Total Net Position	$ **1,012,158,113**	$ **26,464,746**	$ **1,038,622,859**

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
June 30, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 17,250,813	$ 6,142,310	$ 121,850	$ -
Public safety	56,238,838	3,409,176	3,954,561	-
Community development	9,527,082	7,437,687	1,225,925	16,440,489
Community and cultural	20,910,561	4,927,785	7,437,170	-
Public works	34,772,563	3,268,761	10,131,877	1,638,903
Interest on long term debt	3,625,887	-	-	-
Total governmental activities	**142,325,744**	**25,185,719**	**22,871,383**	**18,079,392**
Business-type activities:				
Electric	24,230,158	29,363,663	-	-
Total business-type activities	**24,230,158**	**29,363,663**	**-**	**-**
Total primary government	**$166,555,902**	**$ 54,549,382**	**$ 22,871,383**	**$ 18,079,392**

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
Contributed capital
Miscellaneous
Total General Revenues

Change in Net Position

Net Position - Beginning of year

Net Position - End of year

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
June 30, 2016

Net (Expenses) Revenues and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (10,986,653)	$ -	$ (10,986,653)
(48,875,101)	-	(48,875,101)
15,577,019	-	15,577,019
(8,545,606)	-	(8,545,606)
(19,733,022)	-	(19,733,022)
(3,625,887)	-	(3,625,887)
(76,189,250)	**-**	**(76,189,250)**
-	5,133,505	5,133,505
-	**5,133,505**	**5,133,505**
(76,189,250)	**5,133,505**	**(71,055,745)**
17,009,795	-	17,009,795
16,409,009	-	16,409,009
1,416,343	-	1,416,343
18,937,738	-	18,937,738
5,493,936	-	5,493,936
2,249,400	-	2,249,400
15,824,481	-	15,824,481
6,529,065	-	6,529,065
293,022	-	293,022
740,120	-	740,120
4,774,277	202,544	4,976,821
-	1,886,273	1,886,273
2,182,732	238,332	2,421,064
91,859,918	**2,327,149**	**94,187,067**
15,670,668	7,460,654	23,131,322
996,487,445	19,004,092	1,015,491,537
$ 1,012,158,113	**$ 26,464,746**	**$1,038,622,859**

See notes to Financial Statements

MAJOR GOVERNMENTAL FUNDS

General Fund

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

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 ten Zones within the CSD providing services. Zone A-Parks and Community Services provides citywide park maintenance and recreation programming. Zone C-Arterial Street and Intersection Lighting provides funding for arterial street lighting and intersection lighting on major roadways throughout the zone. Zone D-Parkway Landscape Maintenance and Zone E-Extensive Landscape Maintenance provide funding for the maintenance of public landscaping throughout the City. Zone L-Library Services provides funding for library services to the City residents. Zone M-Commercial, Industrial, and/or Multifamily Median Maintenance provides funding for the landscape maintenance of public medians within the City. Community Facilities District (CFD) #1 provides funding for the maintenance of new parks, trails and class 1 bikeways. Zone S- Sunnymead Boulevard Maintenance provides funding for the maintenance of certain landscape improvements along Sunnymead Boulevard. Lighting Maintenance District (LMD) 2014-01 provides funding for the operation and maintenance of residential subdivision street lighting. Landscape Maintenance District (LMD) 2014-02 provides funding for the maintenance of public landscaping throughout the city.

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, animal shelter facilities, and administration fees.

Housing Authority 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.

Neighborhood Stabilization Program 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.

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

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, all Capital Projects Funds, all Debt Service Funds and all Permanent Funds of the City.

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2016

	General	CSD Zones	Development Impact Fees	Housing Authority
		Special Revenue Funds		
Assets				
Pooled cash and investments (note 3)	$ 46,604,828	$ 16,627,649	$ 16,422,322	$ 1,103,642
Receivables:				
Accounts	2,246,166	87,937	-	-
Notes and loans (note 4)	-	-	-	33,426,080
Notes to Successor Agency (note 4)	14,805,341	-	-	-
Interest	457,172	-	-	1,874,479
Due from other governments	6,402,580	1,283,749	-	-
Due from other funds (note 7)	5,599,820	-	-	-
Advances to other funds (note 7)	4,222,000	-	-	-
Prepaids	6,338	-	-	-
Land held for resale	-	-	-	3,916,126
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	**$ 80,344,245**	**$ 17,999,335**	**$ 16,422,322**	**$ 40,320,327**
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities				
Accounts payable	$ 15,953,785	$ 745,968	$ -	$ 28,900
Accrued liabilities	1,134,613	-	-	-
Unearned revenues	422,058	232,051	-	-
Deposits payable	-	3,540	-	-
Due to other governments	248,812	23	-	-
Due to other funds (note 7)	-	14,745	-	-
Advances from other funds	-	-	4,222,000	-
Total Liabilities	**17,759,268**	**996,327**	**4,222,000**	**28,900**
Deferred Inflows of Resources				
Unavailable revenues	11,462,942	-	-	1,874,479
Total Deferred Inflows of Resources	**11,462,942**	**-**	**-**	**1,874,479**
Fund Balances				
Nonspendable:				
Notes and loans	-	-		-
Notes to Successor Agency	3,987,639	-	-	-
Advances to other funds	4,222,000	-	-	-
Permanent fund principal	-	-	-	-
Prepaids	6,338	-	-	-
Restricted for:				
Community development projects	-	-	-	38,416,948
Public safety	-	-	-	-
Community and cultural	-	17,003,008	-	-
Public works	-	-	12,200,322	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowments	-	-	-	-
Water quality	-	-	-	-
Committed to:				
Revolving line of credit	2,600,000	-	-	-
Maintenance of pedestrian bridge	155,281	-	-	-
Library development	-	-	-	-
Assigned to:				
Continuing appropriations	1,361,187	-	-	-
Temporary fluctuations in market value of investments pursuant to GASB 31	1,787,851	-	-	-
Unassigned	37,001,739	-	-	-
Total Fund Balances	**51,122,035**	**17,003,008**	**12,200,322**	**38,416,948**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 80,344,245**	**$ 17,999,335**	**$ 16,422,322**	**$ 40,320,327**

See notes to Financial Statements

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2016

Special Revenue Fund Neighborhood Stabilization Grant	Capital Project Fund Facility Construction	Nonmajor Governmental	Total Governmental Funds	
				Assets
$ -	$ 6,253,568	$ 25,253,000	$ 112,265,009	Pooled cash and investments (note 3)
				Receivables:
-	-	430,714	2,764,817	Accounts
7,432,121	-	5,682,485	46,540,686	Notes and loans (note 4)
-	-	-	14,805,341	Notes to Successor Agency (note 4)
-	-	536,658	2,868,309	Interest
275,503	10,128,000	4,715,458	22,805,290	Due from other governments
-	-	-	5,599,820	Due from other funds (note 7)
-	-	-	4,222,000	Advances to other funds (note 7)
-	-	-	6,338	Prepaids
2,860,044	-	-	6,776,170	Land held for resale
				Restricted assets:
-	-	5,169,663	5,169,663	Cash with fiscal agents (note 3)
$ 10,567,668	**$ 16,381,568**	**$ 41,787,978**	**$ 223,823,443**	**Total Assets**
				Liabilities, Deferred Inflows of Resources and Fund Balances:
				Liabilities
$ 170	$ 400,357	$ 2,028,809	$ 19,157,989	Accounts payable
-		67,379	1,201,992	Accrued liabilities
-		111,605	765,714	Unearned revenues
-	-	-	3,540	Deposits payable
-	-	-	248,835	Due to other governments
3,135,377	-	2,445,431	5,595,553	Due to other funds (note 7)
-	-	-	4,222,000	Advances from other funds
3,135,547	**400,357**	**4,653,224**	**31,195,623**	**Total Liabilities**
				Deferred Inflows of Resources
7,432,121	10,128,000	637,987	31,535,529	Unavailable revenues
7,432,121	**10,128,000**	**637,987**	**31,535,529**	**Total Deferred Inflows of Resources**
				Fund Balances
				Nonspendable:
-	-	5,581,156	5,581,156	Notes and loans
-	-	-	3,987,639	Notes to Successor Agency
-	-	-	4,222,000	Advances to other funds
-	-	288,098	288,098	Permanent fund principal
-	-	-	6,338	Prepaids
		-		**Restricted for:**
-	-	2,020,835	40,437,783	Community development projects
-	-	473,282	473,282	Public safety
-	-	-	17,003,008	Community and cultural
-	-	9,408,471	21,608,793	Public works
-	4,853,211	8,355,524	13,208,735	Capital projects
-	-	9,734,330	9,734,330	Debt service
-	-	49,584	49,584	Endowments
-	-	707,617	707,617	Water quality
				Committed to:
-	-	-	2,600,000	Revolving line of credit
-	-	-	155,281	Maintenance of pedestrian bridge
-	1,000,000	-	1,000,000	Library development
				Assigned to:
-	-	-	1,361,187	Continuing appropriations
-	-	-	1,787,851	Temporary fluctuations in market value of investments pursuant to GASB 31
-	-	(122,130)	36,879,609	**Unassigned**
-	**5,853,211**	**36,496,767**	**161,092,291**	**Total Fund Balances**
$ 10,567,668	**$ 16,381,568**	**$ 41,787,978**	**$ 223,823,443**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

See notes to Financial Statements

City of Moreno Valley, California

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

Fund balances - total governmental funds		$	161,092,291
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)			1,317,167,284
Accumulated depreciation (excludes internal service accumulated depreciation)			(424,420,284)
Long-term debt and compensated absences have not been included in the governmental fund activity:			
2007 Towngate Special Tax Refunding Bonds	$ (5,335,000)		
2007 Towngate Improvement Tax Refunding	(2,365,000)		
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	(776,000)		
2011 Private Placement Refunding, Series 1997 Variable Rate Certificates of Participation	(2,062,000)		
2013 Refunding of 2005 Lease Revenue Bonds	(8,798,000)		
2013 Total Road Improvement Certificates of Participation	(20,000,000)		
2014 Refunding of 2005 Lease Revenue Bonds	(22,602,069)		
Unamortized Premium/Discount	(2,074,998)		
Compensated Absences	(6,061,760)		(70,074,827)
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 an asset or liability			(1,599,000)
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the governmental funds			9,542,694
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds			(417,655)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity			31,535,529
Long-term liabilities related to pension are not due and payable in the current period and therefore are not reported in the governmental funds:			
Net pension liability			(55,526,975)
Deferred inflows of resources related to pensions are not current obligation and are not reported in the governmental funds			(8,424,289)
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			53,283,345
Net Position of Governmental Activities		$	**1,012,158,113**

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

	General	Special Revenue Funds: CSD Zones	Special Revenue Funds: Development Impact Fees	Special Revenue Funds: Housing Authority
Revenues				
Taxes:				
Property taxes	$ 12,679,455	$ 4,330,340	$ -	$ -
Property taxes in lieu	16,409,009	-	-	-
Utility users taxes	15,824,481	-	-	-
Sales taxes	18,937,738	-	-	-
Other taxes	10,192,821	6,387,448	-	-
Licenses and permits	2,834,449	-	-	-
Intergovernmental	802,523	-	-	-
Fees and charges for services	10,628,482	6,015,891	2,803,507	25,000
Use of money and property	3,457,642	926,457	241,809	-
Fines and forfeitures	530,222	39,161	-	-
Miscellaneous	165,620	1,034,881	-	200
Total Revenues	**92,462,442**	**18,734,178**	**3,045,316**	**25,200**
Expenditures				
Current:				
General government	15,505,987	-	-	-
Public safety	54,402,142	-	-	-
Community development	6,426,431	-	-	156,834
Community and cultural	-	11,644,268	-	-
Public works	5,114,325	6,542,816	-	-
Capital outlay	890,479	38,963	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Current Expenditures	**82,339,364**	**18,226,047**	**-**	**156,834**
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,123,078	508,131	3,045,316	(131,634)
Other Financing Sources (Uses):				
Transfers in (note 7)	663,238	1,004,137	1,239,184	-
Transfers out (note 7)	(2,741,671)	-	(3,362,197)	-
Contributions from Successor Agency	-	-	-	-
Contributions to Successor Agency	(298,513)	-	-	-
Total Other Financing Sources (Uses)	**(2,376,946)**	**1,004,137**	**(2,123,013)**	**-**
Net Change in Fund Balances	7,746,132	1,512,268	922,303	(131,634)
Fund Balances				
Beginning of year	43,375,903	15,490,740	11,278,019	38,548,582
End of year	**$ 51,122,035**	**$ 17,003,008**	**$ 12,200,322**	**$ 38,416,948**

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2016

Special Revenue Fund	Capital Project Fund			
Neighborhood Stabilization Grant	**Facility Construction**	**Nonmajor Governmental Funds**	**Total Governmental Funds**	
				Revenues
				Taxes:
$ -	$ -	$ -	$ 17,009,795	Property taxes
-	-	-	16,409,009	Property taxes in lieu
-	-	-	15,824,481	Utility users taxes
-	-	-	18,937,738	Sales taxes
-	-	141,617	16,721,886	Other taxes
-	-	-	2,834,449	Licenses and permits
1,153,412	1,000,000	24,507,923	27,463,858	Intergovernmental
-	-	1,721,013	21,193,893	Charges for services
-	-	109,022	4,734,930	Use of money and property
-	-	-	569,383	Fines and forfeitures
-	-	1,072,587	2,273,288	Miscellaneous
1,153,412	**1,000,000**	**27,552,163**	**143,972,711**	**Total Revenues**
				Expenditures
				Current
-	-	769,229	16,275,216	General government
-	-	738,079	55,140,221	Public safety
1,153,412		1,380,143	9,116,820	Community development
-	-	7,386,797	19,031,065	Community and cultural
-	-	7,636,486	19,293,627	Public works
-	2,793,310	15,863,252	19,586,004	Capital outlay
				Debt service:
-	-	3,092,176	3,092,176	Principal retirement
-	-	2,950,685	2,950,685	Interest and fiscal charges
1,153,412	**2,793,310**	**39,816,847**	**144,485,814**	**Total current expenditures**
-	(1,793,310)	(12,264,684)	(513,103)	Excess (Deficiency) of Revenues Over (Under) Expenditures
				Other Financing Sources (Uses):
-	155,000	6,157,296	9,218,855	Transfers in (note 7)
-	-	(2,484,141)	(8,588,009)	Transfers out (note 7)
-	-	1,620,000	1,620,000	Contributions from Successor Agency
-	-	-	(298,513)	Contributions to Successor Agency
-	**155,000**	**5,293,155**	**1,952,333**	**Total Other Financing Sources (Uses)**
-	(1,638,310)	(6,971,529)	1,439,230	Net Change in Fund Balances
				Fund Balances
-	7,491,521	43,468,296	159,653,061	Beginning of year
$ -	**$ 5,853,211**	**$ 36,496,767**	**$ 161,092,291**	**End of year**

See notes to Financial Statements

City of Moreno Valley, California

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2016

Net change in fund balances - total governmental funds	$	1,439,230
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		28,577,931
Depreciation expense		(29,379,229)
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.		
Repayment of debt		3,092,176
Amortization of bond premiums		189,292
Amortization of bond discount		(5,400)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		18,322
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.		(877,416)
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. This is the amount by which contributions made exceeded the ARC.		(6,000)
Revenues reported as unavailable revenue in the governmental funds are recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		11,228,863
Pension 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. This is the amount by which actuarially calculated pension expense exceeded the contributions during the year		848,907
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 change in net position of the internal service funds is reported with the governmental funds.		543,992
Change in net position of govermental activities	$	**15,670,668**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
General Fund
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes:				
Property taxes	$ 12,072,224	$ 12,072,224	$ 12,679,455	$ 607,231
Property taxes in-lieu	15,732,303	15,732,303	16,409,009	676,706
Utility users taxes	15,912,000	15,912,000	15,824,481	(87,519)
Sales taxes	19,269,321	19,269,321	18,937,738	(331,583)
Other taxes	9,155,250	9,155,250	10,192,821	1,037,571
Licenses and permits	2,090,930	2,853,930	2,834,449	(19,481)
Intergovernmental	230,000	774,655	802,523	27,868
Fees and charges for services	10,733,409	10,815,689	10,628,482	(187,207)
Use of money and property	3,469,962	2,706,962	3,457,642	750,680
Fines and forfeitures	623,760	623,760	530,222	(93,538)
Miscellaneous	103,401	143,401	165,620	22,219
Total revenues	**89,392,560**	**90,059,495**	**92,462,442**	**2,402,947**
Expenditures				
Current:				
General government				
City council	621,116	793,846	747,283	46,563
City manager	1,640,137	3,961,482	3,332,096	629,386
City clerk	512,583	562,583	474,344	88,239
City attorney	723,542	733,587	697,535	36,052
Financial and management services	7,496,505	5,178,530	4,521,110	657,420
Administrative services	3,863,047	3,950,872	3,758,408	192,464
Non-departmental	574,000	574,000	1,975,211	(1,401,211)
Public safety				
Police	39,309,484	39,885,346	37,506,479	2,378,867
Fire	18,055,816	18,039,811	16,895,663	1,144,148
Community development	6,754,153	6,906,378	6,426,431	479,947
Public works	5,401,551	5,899,667	5,114,325	785,342
Capital outlay	2,557,909	3,208,230	890,479	2,317,751
Total Expenditures	**87,509,843**	**89,694,332**	**82,339,364**	**7,354,968**
Excess(Deficiency) of Revenues Over (Under) Expenditures	1,882,717	365,163	10,123,078	9,757,915
Other Financing Sources (Uses)				
Transfers in	2,492,842	2,997,444	663,238	(2,334,206)
Transfers out	(3,399,383)	(2,743,137)	(2,741,671)	1,466
Contributions to Successor Agency	-	(298,513)	(298,513)	-
Total Other Financing Sources (uses)	**(906,541)**	**(44,206)**	**(2,376,946)**	**(2,332,740)**
Net Change in Fund Balances	976,176	320,957	7,746,132	7,425,175
Fund Balance - Beginning of year	43,375,903	43,375,903	43,375,903	-
Fund Balance - End of year	**$ 44,352,079**	**$ 43,696,860**	**$ 51,122,035**	**$ 7,425,175**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
CSD Zones
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Taxes:				
Property taxes	$ 4,045,429	$ 4,045,429	$ 4,330,340	$ 284,911
Other taxes	6,392,300	6,392,300	6,387,448	(4,852)
Fees and charges for services	6,162,347	5,969,447	6,015,891	46,444
Use of money and property	743,900	743,900	926,457	182,557
Fines and forfeitures	50,000	50,000	39,161	(10,839)
Miscellaneous	9,150	1,036,052	1,034,881	(1,171)
Total Revenues	**17,403,126**	**18,237,128**	**18,734,178**	**497,050**
Expenditures				
Current:				
Community and cultural	12,225,286	12,301,542	11,644,268	657,274
Public works	6,987,315	7,873,707	6,542,816	1,330,891
Capital outlay	50,792	396,418	38,963	357,455
Total Expenditures	**19,263,393**	**20,571,667**	**18,226,047**	**2,345,620**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,860,267)	(2,334,539)	508,131	2,842,670
Other Financing Sources (Uses)				
Transfers in	1,510,383	1,336,399	1,004,137	(332,262)
Total Other Financing Sources (Uses)	**1,510,383**	**1,336,399**	**1,004,137**	**(332,262)**
Net Change in Fund Balances	(349,884)	(998,140)	1,512,268	2,510,408
Fund Balance - Beginning of year	15,490,740	15,490,740	15,490,740	-
Fund Balance - End of year	**$ 15,140,856**	**$ 14,492,600**	**$ 17,003,008**	**$ 2,510,408**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
Development Impact Fees
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues				
Fees and charges for services	$ 560,900	$ 560,900	$ 2,803,507	$ 2,242,607
Use of money and property	247,000	247,000	241,809	(5,191)
Total Revenues	**807,900**	**807,900**	**3,045,316**	**2,237,416**
Excess (Deficiency) of Revenues Over (Under) Expenditures	807,900	807,900	3,045,316	2,237,416
Other Financing Sources (Uses)				
Transfers in	1,352,760	1,352,760	1,239,184	(113,576)
Transfers out	(3,144,000)	(3,480,052)	(3,362,197)	117,855
Total Other Financing Sources (uses)	**(1,791,240)**	**(2,127,292)**	**(2,123,013)**	**4,279**
Net Change in Fund Balances	(983,340)	(1,319,392)	922,303	2,241,695
Fund Balance - Beginning of year	11,278,019	11,278,019	11,278,019	-
Fund Balance - End of year	**$ 10,294,679**	**$ 9,958,627**	**$ 12,200,322**	**$ 2,241,695**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
Housing Authority
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Use of money and property	$ 72,000	$ 72,000	$ -	$ (72,000)
Fees and charges for services	-	-	25,000	25,000
Miscellaneous	-	-	200	200
Total Revenues	**72,000**	**72,000**	**25,200**	**(46,800)**
Expenditures				
Current:				
Community development	72,000	159,800	156,834	2,966
Total Expenditures	**72,000**	**159,800**	**156,834**	**2,966**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(87,800)	(131,634)	(43,834)
Net Change in Fund Balances	-	(87,800)	(131,634)	(43,834)
Fund Balance - Beginning of year	38,548,582	38,548,582	38,548,582	-
Fund Balance - End of year	**$ 38,548,582**	**$ 38,460,782**	**$ 38,416,948**	**$ (43,834)**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
Neighborhood Stabilization Grant
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 240,932	$ 4,204,958	$ 1,153,412	$ (3,051,546)
Total revenues	**240,932**	**4,204,958**	**1,153,412**	**(3,051,546)**
Expenditures				
Current:				
Community development	240,932	4,204,958	1,153,412	3,051,546
Total Expenditures	**240,932**	**4,204,958**	**1,153,412**	**3,051,546**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance - Beginning of year	-	-	-	-
Fund Balance - End of year	**$ -**	**$ -**	**$ -**	**$ -**

See notes to Financial Statements

City of Moreno Valley, California

Budgetary Comparison Statement
Facility Construction
Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ -	$ 1,000,000	$ 1,000,000	$ -
Total revenues	**-**	**1,000,000**	**1,000,000**	**-**
Expenditures				
Capital outlay	-	3,372,077	2,793,310	578,767
Total Expenditures	**-**	**3,372,077**	**2,793,310**	**578,767**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,372,077)	(1,793,310)	578,767
Other Financing Sources (Uses)				
Transfers in	-	155,000	155,000	-
Total Other Financing Sources (Uses)	**-**	**155,000**	**155,000**	**-**
Net Change in Fund Balances	-	(2,217,077)	(1,638,310)	578,767
Fund Balance - Beginning of year	7,491,521	7,491,521	7,491,521	-
Fund Balance - End of year	**$ 7,491,521**	**$ 5,274,444**	**$ 5,853,211**	**$ 578,767**

See notes to Financial Statements

PROPRIETARY FUNDS

ENTERPRISE FUND:

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. The City's enterprise fund is the 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 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, accumulating cash reserves for equipment replacement, and payment of compensated absences.

City of Moreno Valley, California

Statement of Net Position
Proprietary Funds
June 30, 2016

	Enterprise Fund-Electric	Governmental Activities-Internal Service Funds
Assets		
Current Assets:		
Pooled cash and investments	$ 14,779,946	$ 42,961,260
Receivables:		
Accounts	3,642,083	111
Prepaid costs	-	1,696
Inventories	326,795	30,744
Restricted:		
Cash with fiscal agent	9,798,668	-
Total Current Assets	**28,547,492**	**42,993,811**
Noncurrent Assets:		
Capital assets (net of accumulated depreciation)	40,892,980	12,842,728
Total Noncurrent Assets	**40,892,980**	**12,842,728**
Total Assets	**69,440,472**	**55,836,539**
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	352,282	-
Total Deferred Outflows of Resources	**352,282**	-
Total Assets and Deferred Outflows of Resources	**$ 69,792,754**	**$ 55,836,539**
Liabilities		
Current Liabilities:		
Accounts payable	$ 3,479,536	$ 314,267
Accrued interest	319,068	-
Unearned revenue	21,622	-
Deposits payable	859,849	-
Compensated absences (note 6)	147,430	166,960
Self-insurance payable (note 12)	-	736,900
Bonds, notes, and loans payable	855,000	-
Total Current Liabilities	**5,682,505**	**1,218,127**
Noncurrent liabilities:		
Compensated absences (note 6)	98,286	111,307
Self-insurance payable (note 12)	-	1,223,760
Bonds, notes, and loans payable (note 6)	35,858,979	-
Net pension liability	1,462,149	-
Total Noncurrent Liabilities	**37,419,414**	**1,335,067**
Total Liabilities	**43,101,919**	**2,553,194**
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	226,089	-
Total Deferred Inflows of Resources	**226,089**	-
Net Position		
Net investment in capital assets	13,977,670	12,842,728
Restricted for public purpose programs	4,605,893	-
Unrestricted	7,881,183	40,440,617
Total Net Position	**26,464,746**	**53,283,345**
Total Liabilities, Deferred Inflows of Resources and Net Position	**$ 69,792,754**	**$ 55,836,539**

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2016

	Enterprise Fund-Electric	Governmental Activities-Internal Service Funds
Operating Revenues		
Sales and service charges	$ 29,237,200	$ 8,553,233
Miscellaneous	238,332	374,825
Total Operating Revenues	**29,475,532**	**8,928,058**
Operating Expenses		
Cost of services	886,903	5,738,094
Depreciation expense	1,007,081	1,155,180
Electricity purchased	11,860,074	-
Services and supplies	4,828,706	-
Distribution share	3,920,125	-
Self-insurance claims and charges	-	849,688
Total Operating Expenses	**22,502,889**	**7,742,962**
Net Operating Income (Loss)	6,972,643	1,185,096
Nonoperating Revenues and Expenses		
Interest revenue	202,544	-
Interest expense	(1,727,269)	-
Engineering plan check fees	126,463	-
Gain (loss)on disposal of capital assets	-	(10,257)
Total Nonoperating Revenues (Expenses)	**(1,398,262)**	**(10,257)**
Income (Loss) before contributions and transfers	5,574,381	1,174,839
Transfers and Contributions		
Contributed capital	1,886,273	-
Transfers in (Note 7)	-	8,688,977
Transfers out (Note 7)	-	(9,319,824)
Change in Net Position	7,460,654	543,992
Net Position - Beginning of year	19,004,092	52,739,353
Net Position - End of year	**$ 26,464,746**	**$ 53,283,345**

See notes to Financial Statements

City of Moreno Valley, California

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2016

	Enterprise Fund- Electric	Governmental Activities- Internal Service Funds
Cash Flows from operating Activities:		
Cash received from customers	$ 29,377,313	$ 8,928,058
Cash paid to suppliers for goods and services	(20,552,569)	(4,053,663)
Cash paid to employees for services	(863,457)	(1,656,511)
Cash paid for claims	-	(1,106,028)
Net Cash Provided (Used) by Operating Activities	**7,961,287**	**2,111,856**
Cash Flows from Non-Capital Financing Activities:		
Cash transfers in	-	8,688,977
Cash transfers out	-	(9,319,824)
Net Cash Provided (Used) by Non-Capital Financing Activities	**-**	**(630,847)**
Cash Flows from Capital and Related Financing Activities:		
Proceeds from capital debt	10,388,293	-
Debt issuance costs	(380,983)	-
Proceeds from sale of capital assets	-	27,405
Acquisition and construction of capital assets	(1,312,283)	(359,430)
Engineering plan check fees	126,463	-
Principal paid on capital debt	(648,324)	-
Interest paid on capital debt	(1,663,650)	-
Contributed capital	53,915	-
Repayment of loans to other governments	(63,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	**6,500,431**	**(332,025)**
Cash Flows from Investing Activities:		
Interest received	202,544	-
Net Cash Provided (Used) by Investing Activities	**202,544**	**-**
Net Increase (Decrease) in Cash and Cash Equivalents	**14,664,262**	**1,148,984**
Cash and Cash Equivalents, Beginning of year	9,914,352	41,812,276
Cash and Cash Equivalents, End of year	**$ 24,578,614**	**$ 42,961,260**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating Income (Loss)	$ 6,972,643	$ 1,185,096
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,007,081	1,155,180
(Increase) decrease in accounts receivable	(92,303)	(11)
(Increase) decrease in prepaid costs	500	(11,069)
(Increase) decrease in deferred outflows of resources related to pension	(228,971)	-
(Increase) decrease in inventory	(53,915)	(19,149)
Increase (decrease) in accounts payable	1,228,043	(14,400)
Increase (decrease) in unearned revenue	(5,916)	-
Increase (decrease) in deposits payable	(164,767)	-
Increase (decrease) in self-insurance payable	-	(256,340)
Increase (decrease) in advance from other funds	(953,525)	-
Increase (decrease) in net pension liability	143,926	-
Increase (decrease) in compensated absences	108,491	72,549
Total adjustments	**988,644**	**926,760**
Net Cash Provided (Used) by Operating Activities	**$ 7,961,287**	**$ 2,111,856**
Noncash Capital and Related Financing Activities:		
Contributed capital - donated infrastructure	**$ (1,832,358)**	**$ -**

See notes to Financial Statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS:

A fiduciary fund is an account with funds from assets that the city holds as a trustee and that it cannot use to fund its own programs. The city reports Agency Funds and Private-purpose Funds. Agency funds are used to report resources held by the agency in a purely custodial capacity. Agency funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. Private-purpose trust funds report all other trust arrangements under which the principal and income benefits individuals, private organizations or other governments.

City of Moreno Valley, California

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Agency Funds	Private-Purpose Trust Fund: Successor Agency of the Former RDA
Assets:		
Cash	$ 6,322,420	$ 3,235,375
Cash with fiscal agents	793,858	8
Total Assets	**$ 7,116,278**	**3,235,383**
Liabilities:		
Accounts payable	1,584,289	254,209
Accrued interest	-	835,420
Deposits payable	4,512,822	-
Payable to trustee	1,014,900	
Due to the City of Moreno Valley	4,267	-
Long-term debt, due within one year	-	1,008,000
Long-term debt, due in more than one year	-	55,147,341
Total Liabilities	**$ 7,116,278**	**57,244,970**
Net Position:		
Held in trust for other purposes		(54,009,587)
Total Net Position		**$ (54,009,587)**

See notes to Financial Statements

City of Moreno Valley, California

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2016

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
Additions:	
Taxes	$ 5,877,243
Use of money and property	792
Total Additions	**5,878,035**
Deductions:	
Administrative expenses	272,522
Contractual services	514,517
Interest expenses	2,649,500
Contributions to City	1,321,487
Total Deductions	**4,758,026**
Change in net position	1,120,009
Net Position - Beginning of year	(55,129,596)
Net Position - End of year	**$ (54,009,587)**

See notes to Financial Statements

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 legally separate component units however are included in the City's reporting entity because of their operational significance or financial relationships with the City. The City Council members, in separate session, serve as the governing board of the Moreno Valley Community Service District, the Moreno Valley Public Facilities Financing Corporation, and the Moreno Valley Housing Authority, as such, these entities are presented on a blended basis. 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 2014-01 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 Facilities Financing Corporation and the Public Financing Authority.

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. The City manages, administers and has operational responsibility for the operations of the Housing Authority. 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.

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

c. Measurement Focus, Basis of Accounting and Financial Statements Presentation

The government-wide financial statements are reported using the economic resource 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 assets and liabilities.

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.

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

The CSD Zones Special Revenue Fund accounts for restricted property taxes for the various Community Services District (CSD) programs. There are ten zones within the Community Services District providing services. Zone A-Parks and Community Services provide citywide park maintenance and recreation programming. Lighting Maintenance District (LMD) 2014-01 – Residential Street Lighting provides the funding for the operation and maintenance of residential subdivision street lighting. Zone C-Arterial and Intersection Street Lighting provides funding for the operation and maintenance of arterial and intersection street lighting. Landscape Maintenance District (LMD) 2014-02, Zone D and Zone E provide funding for the maintenance of public landscaping throughout the City. Zone L-Library Services provides funding for library services to City residents. Zone M-Medians provides funding for the landscape maintenance of public medians within the City. Community Facilities District (CFD) #1 provides funding for the maintenance of new parks, trails and class 1 bikeways. Zone S – Sunnymead Boulevard Maintenance provides funding for the maintenance of certain landscape improvements along 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 facilities, interchange improvements, maintenance equipment, animal shelter facilities, and administrative fees. The City has elected to report this fund as a major fund.

The Housing Authority accounts for the housing assets as a result of the dissolution of the former Community Redevelopment Agency of the City.

The Neighborhood Stabilization Grant 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.

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.

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

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 charge 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 applicant for goods, services or privileges provided, 2) operating grants and contributions, an 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.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 non-operating revenues and expenses.

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

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 "internal balances." All trade and property tax receivables are shown net of an allowance for uncollectibles.

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.

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

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.

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.

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

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 cost or, if lower, the estimated net realizable value upon entering into an agreement to sell the property.

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

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.

Restricted include amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws or regulations of other governments, or (b) by law through constitutional provisions or enabling legislation.

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

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. General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

An individual governmental fund could include non-spendable 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.

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

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.

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.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2016, the City adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

- GASB Statement No. 72, *Fair Value Measurements and Applications.* This statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2016.

- GASB Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. The implementation of this statement did not materially impact the City's financial statements for the fiscal year ended June 30, 2016.

Note 2 Stewardship, Compliance and Accountability

a. Budget 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 XIIIB 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.

Note 2 Stewardship, Compliance and Accountability (Continued)

b. Excess Expenditures Over Appropriations

Excess of expenditures over appropriations in departments of individual funds are as follows:

	Final Budget	Expenditures	Excess
General Fund			
Non-departmental	$ 574,000	$ 1,975,211	$ 1,401,211
State Gasoline Tax			
Capital outlay	-	36,450	36,450
Other Grants			
Capital outlay	-	167,928	167,928
Public Education Government Access			
Capital outlay	-	5,820	5,820
Used Oil Recycling			
Public works	51,525	51,803	278
ASES Program Grant			
Community and cultural	6,733,300	6,735,844	2,544
TRIP COP 13A			
Public works	7,000	12,254	5,254
2013 Refunding 2005 Lease Revenue Bonds			
Public works	3,300	3,848	548
2014 Refunding 2005 Lease Revenue Bonds			
General government	3,300	5,186	1,886
Interest and fiscal charges	1,007,000	1,009,869	2,869
Equestrian Trail Endowment			
Community and cultural	200	510	310

Note 3 Cash and Investments

As of June 30, 2016, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	$	160,395,932
Business-Type Activities		24,578,614
Fiduciary Funds		10,351,661
Total Cash and Investments	$	195,326,207

Cash and investments as of June 30, 2016, consist of the following:

Cash and Cash Equivalents		
Petty cash and cash boxes	$	10,830
Demand deposits		1,339,940
Investments		178,213,240
Cash and Investments with fiscal agents		15,762,197
Total Cash and Investments	$	195,326,207

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.

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
- Bonds, notes or other indebtedness of supranationals (IBRD, IFC or IADB)
- 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.

Note 3 Cash and Investments (Continued)

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.

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, 2016, the City's investment in medium term notes consisted of investments with PepsiCo Inc., JP Morgan Chase, IBM Corp, Wells Fargo Bank, Costco Wholesale, Qualcom Inc., Coca Cola Company, Bank of New York, Pfizer Inc., Praxair Inc., John Deere, Exxon/Mobil, Microsoft, State Street Bank, Chevron Corp., Intel Corp., WalMart Stores Inc., Apple Inc., U.S. Bankcorp, General Electric, Cisco Systems, Honda, Toyota, American Express and Oracle. At June 30, 2016, 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, 2016, 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 $1,339,943 at June 30, 2016. 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.

Note 3 Cash and Investments (Continued)

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.

As of June 30, 2016, 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	$ 39,271,705	$ -	$ -	$ -	$ 39,271,705
Money Market Fund	276,500	-	-	-	276,500
Commercial Paper	1,675,960	-	-	-	1,675,960
Medium Term Notes	5,598,687	-	27,510,616	10,045,667	43,154,970
Supranationals	-	-	1,923,461	-	1,923,461
US Treasury Notes	-	1,248,101	22,121,495	8,203,773	31,573,369
Federal Farm Credit Bank	-	-	4,491,435	-	4,491,435
Federal Home Loan Bank	-	4,340,916	4,700,808	1,426,627	10,468,351
Federal Home Loan Mortgage Corp	-	4,068,660	8,115,119	4,458,612	16,642,391
Federal National Mortgage Association	-	3,515,132	16,325,031	8,894,935	28,735,098
Held By Bond Trustee:					
Money Market Funds	6,749,903	-	-	-	6,749,903
Local Agency Investment Fund	9,012,294	-	-	-	9,012,294
Totals	$ 62,585,049	$ 13,172,809	$ 85,187,965	$ 33,029,614	$ 193,975,437

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 Type	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 Repurchases Agreements	92 days	20%	5%
Medium-term Notes (MTN's)	5 years	30%	5%
Mutual Funds and Money Market Accounts	n/a	20%	5%
Collaterized 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
Supranationals	5 years	30%	5%

Note 3 Cash and Investments (Continued)

As of June 30, 2016, the City is in compliance with the investment policy restriction.

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 Home Loan Bank	5.40%
Federal Home Loan Mortgage Corp	8.58%
Federal National Mortgage Association	14.81%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

Fair Value Measurement

During the fiscal year ended June 30 2016, the City implemented GASB Statement No. 72, *Fair Value Measurement and Application*. GASB 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

Note 3 Cash and Investments (Continued)

The following table represents the City's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investments by fair value level		Fair Value		Fair value Measurement Using Significant Other Observable Inputs (Level 2)
Money Market Fund	$	276,500	$	276,500
Commercial Paper		1,675,960		1,675,960
Medium Term Notes		43,154,970		43,154,970
Supranationals		1,923,461		1,923,461
US Treasury Notes		31,573,369		31,573,369
Federal Farm Credit Bank		4,491,435		4,491,435
Federal Home Loan Bank		10,468,351		10,468,351
Federal Home Loan Mortgage Corp.		16,642,391		16,642,391
Federal National Mortgage Association		28,735,098		28,735,098
Held By Bond Trustee:				
Money Market Funds		6,749,903		6,749,903
Total		145,691,438	$	145,691,438
Uncategorized:				
Local Agency Investment Fund		39,271,705		
Held By Bond Trustee:				
Local Agency Investment Fund		9,012,294		
Total uncategorized		48,283,999		
Total investments measured at fair value	$	193,975,437		

Note 4 Notes and Loans

a. Notes and Loans Receivable

Notes and loans receivables of $46,540,686 consist primarily of revolving home improvement loans and are due beyond one year.

Note 4 Notes and Loans (Continued)

A summary of amounts owed at June 30, 2016, follows:

	Housing Authority	Neighborhood Stabilization Grant	Nonmajor Governmental Funds	Total
Cottonwood Properties	$ 2,924,454	$ -	$ 2,050,000	$ 4,974,454
Sheila Street Rehabilitation	2,651,875	-	-	2,651,875
RHDC Properties	1,820,238	443,026	812,748	3,076,012
Coachella Valley Housing Coalition	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	12,500,000	-	-	12,500,000
Hemlock Family Apartments	6,300,000	-	1,628,642	7,928,642
Others	597,146	6,989,095	504,095	8,090,336
Totals	$ 33,426,080	$ 7,432,121	$ 5,682,485	$ 46,540,686

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, 2016, the balance of $14,805,341 consists of the following:

The Towngate Regional Mall notes (Sears Note) totaling $11,597,136 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 4.9% and are payable solely from available site-generated property tax increment and up to 50% of site-generated sales tax. Payments on this agreement are determined and pre-approved by the Department of Finance. Furthermore, the Agency has covenanted to use reasonable best efforts to refinance these notes with Tax Allocation Bonds, provided such financing is determined to be fiscally feasible. At June 30, 2016, accrued interest amounts to $3,208,205.

Note 5 Capital Assets

The following is a schedule of changes in governmental activities capital assets for the year ended June 30, 2016.

	Balance July 1, 2015	Additions	Deletions	Adjustments	Balance June 30, 2016
Non-Depreciable Assets:					
Land	$ 310,197,236	$ -	$ -	-	$ 310,197,236
Construction in progress	32,746,284	18,636,634	(31,889,400)	-	19,493,518
Total Non-Depreciable Assets	342,943,520	18,636,634	(31,889,400)	-	329,690,754
Depreciable Assets					
Buildings and improvements	137,931,320	4,133,851	-	(174,110)	141,891,061
Furniture and equipment	19,751,434	2,060,117	(2,391,902)	-	19,419,649
Vehicles	9,049,634	710,829	(501,664)	-	9,258,799
Infrastructure	804,149,960	35,867,727	-	(18,118)	839,999,569
Total Depreciable Assets	970,882,348	42,772,524	(2,893,566)	(192,228)	1,010,569,078
Less Accumulated Depreciation:					
Buildings and improvements	(55,681,191)	(3,827,759)	-	-	(59,508,950)
Furniture and equipment	(11,072,316)	(1,583,424)	2,022,703	-	(10,633,037)
Vehicles	(7,806,582)	(362,531)	501,664	-	(7,667,449)
Infrastructure	(332,101,799)	(24,758,869)	-	-	(356,860,668)
Total Accumulated Depreciation	(406,661,888)	(30,532,583)	2,524,367	-	(434,670,104)
Total Depreciable Assets, Net	564,220,460	12,239,941	(369,199)	(192,228)	575,898,974
Total Net Capital Assets	$ 907,163,980	$ 30,876,575	$ (32,258,599)	(192,228)	$ 905,589,728

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:		
General government	$	1,270,535
Public safety		1,116,784
Community development		238,066
Community and cultural		1,994,268
Public works		24,759,578
Internal service funds		1,153,353
Total	$	30,532,583

Note 5 Capital Assets (continued)

The following is a schedule of changes in business-type activities capital assets for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Non-Depreciable Assets:				
Land	$ 1,729,408	$ -	$ -	$ 1,729,408
Construction in progress	5,013	1,404,860	-	1,409,873
Total Non-Depreciable Assets	1,734,421	1,404,860	-	3,139,281
Depreciable Assets:				
Furniture and equipment	-	625,019	-	625,019
Infrastructure	43,731,366	1,820,745	(585,000)	44,967,111
Total Depreciable Assets	43,731,366	2,445,764	(585,000)	45,592,130
Less Accumulated Depreciation:				
Furniture and equipment	-	-	(325,000)	(325,000)
Infrastructure	(7,091,350)	(1,007,081)	585,000	(7,513,431)
Total Accumulated Depreciation	(7,091,350)	(1,007,081)	260,000	(7,838,431)
Total Depreciable Assets, Net of Accumulated Depreciation	36,640,016	1,438,683	(325,000)	37,753,699
Total Net Capital Assets	$ 38,374,437	$ 2,843,543	$ (325,000)	$ 40,892,980

Depreciation expense for business-type activities was charged as follows:

Electric Utility	$ 1,007,081

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, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Towngate Community Facilities District No. 87-1:					
2007 Towngate Special Tax Refunding Bonds	$ 6,095,000	$ -	$ (760,000)	$ 5,335,000	$ 790,000
2007 Towngate Improvement Tax Refunding	2,605,000	-	(240,000)	2,365,000	250,000
Moreno Valley Public Facilities Financing					
2011 Private Replacement Refunding, Series 1997					
Variable Rate Certificates of Participation	1,529,500	-	(753,500)	776,000	776,000
Moreno Valley Public Facilities Financing Authority:					
2011 Private Replacement Refunding, Series 1997					
Variable Rate Certificates of Participation	2,314,000	-	(252,000)	2,062,000	262,000
2013 Refunding of 2005 Lease Revenue Bonds	9,831,000	-	(1,033,000)	8,798,000	1,085,000
Unamortized premium	936,103	-	(117,013)	819,090	117,013
2014 Refunding of 2005 Lease Revenue Bonds	22,655,745	-	(53,676)	22,602,069	-
Unamortized premium	1,452,340	-	(72,279)	1,380,061	72,635
City:					
2013 Total Road Improvement Program COP's	20,000,000	-	-	20,000,000	490,000
Unamortized discount	(129,553)	-	5,400	(124,153)	5,398
OPEB liability	1,593,000	6,000	-	1,599,000	-
Accrued self-insurance claims and judgements	2,217,000	377,900	(634,240)	1,960,660	795,000
Compensated absences:					
Governmental Funds	5,184,344	3,690,260	(2,812,844)	6,061,760	3,110,606
Internal Service Funds	205,718	190,372	(117,822)	278,268	123,431
Totals	$ 76,489,197	$ 4,264,532	$ (6,840,974)	$ 73,912,755	$ 7,877,083

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.

Note 6 **Long Term Debt (Continued)**

The annual debt service requirements for the 2007 Towngate Special Tax Refunding Bonds payable outstanding at June 30, 2016, are as follows:

Year Ending June 30,	2007 Towngate Special Tax Refunding Bonds Principal	Interest
2017	$ 790,000	$ 218,431
2018	830,000	177,931
2019	870,000	136,106
2020	910,000	96,831
2021	950,000	59,631
2022	985,000	20,316
Totals	$ 5,335,000	$ 709,246

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, 2016, are as follows:

Year Ending June 30,	2007 Towngate Improvement Tax Refunding Bonds Principal	Interest
2017	$ 250,000	$ 105,170
2018	260,000	93,851
2019	275,000	81,676
2020	290,000	68,536
2021	300,000	54,671
2022-2023	990,000	73,288
Totals	$ 2,365,000	$ 477,192

Note 6 Long Term Debt (Continued)

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. The refinancing decreased aggregate debt service payments that were required by approximately $65,630 and resulted in an economic gain of approximately $25,174.

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Certificates of Participation payable outstanding at June 30, 2016, are as follows:

	2011 Private Placement Refunding, 1997 Certificates of Participation	
Year Ending June 30,	Principal	Interest
2017	$ 776,000	$ 11,330
Totals	$ 776,000	$ 11,330

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.

Note 6 Long Term Debt (Continued)

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Lease Revenue Bonds payable outstanding at June 30, 2016, are as follows:

	2011 Private Placement Refunding 1997 Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2017	$ 262,000	$ 76,854
2018	273,000	66,207
2019	282,000	55,163
2020	291,000	43,760
2021	305,000	31,900
2022-2024	649,000	26,089
Totals	$ 2,062,000	$ 299,973

2013 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2013 in the original issue amount of $11,695,000 were issued for the purpose of paying off a portion of the 2005 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $11,695,000 originally issued, the portion for the electric utility infrastructure ($1,240,770) has been separated and is shown as long-term debt of the Electric Fund business-type activities. The bonds mature in serial fashion through November 1, 2032 and bear interest ranging from 3% to 5.00%. The bonds are not subject to optional redemption or mandatory redemption. The bonds are payable from lease payments made by the City under a project lease dated Dec 1, 2013, 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. The transaction resulted in an economic gain of $540,661 and a reduction of $554,000 in future debt service payments.

Note 6 Long Term Debt (Continued)

The annual debt service requirements for the 2013 Refunding Lease Revenue Bonds, payable outstanding at June 30, 2016, are as follows:

	2013 Refunding Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2017	$ 1,085,000	$ 411,946
2018	1,132,000	356,649
2019	1,183,000	298,898
2020	1,256,000	238,026
2021	1,312,000	173,920
2022-2023	2,830,000	143,039
Totals	$ 8,798,000	$ 1,622,478

2013 Total Road Improvement Program Certificates of Participation

On August 15, 2013, the City entered into an Installment Sale Agreement with California Communities. The 2013 Total Road Improvement Program Certificates of Participation mature in serial and term fashion through June 1, 2039 and bear interest ranging from 4.000% to 5.125%, commencing on December 1, 2013. The original amount of the issue was $20,000,000.This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the 2013 Total Road Improvement Program COPs payable outstanding at June 30, 2016, are as follows:

	2013 Total Road Improvement Program Certificates of Participation	
Year Ending June 30,	Principal	Interest
2017	$ 490,000	$ 991,313
2018	515,000	966,813
2019	540,000	941,063
2020	570,000	914,063
2021	600,000	885,563
2022-2026	3,435,000	3,984,819
2027-2031	4,300,000	3,116,894
2032-2036	5,510,000	1,910,600
2037-2039	4,040,000	421,019
Totals	$ 20,000,000	$ 14,132,147

Note 6 Long Term Debt (Continued)

2014 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2014 in the original issue amount of $25,325,000 were issued for the purpose of paying off a portion of the 2005 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $25,325,000 originally issued, the portion for the electric utility infrastructure ($2,669,255) has been separated and is shown as long-term debt of the Electric Fund business-type activities. The bonds mature in serial fashion through November 1, 2035 and bear interest ranging from 2% to 5%. The bonds are subject to optional redemption and are subject to mandatory redemption beginning November 2035. The bonds are payable from lease payments made by the City under a project lease dated December 1, 2013, 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. The refunding transaction resulted in an economic gain of $4,180,553 and a reduction of $6,604,104 in future debt service payments.

The annual debt service requirements for the 2014 Refunding Lease Revenue Bonds, payable outstanding at June 30, 2016, are as follows:

	2014 Refunding Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2017	$ -	$ 1,009,332
2018	-	1,009,332
2019	-	1,009,332
2020	-	1,009,332
2021	-	1,009,332
2022-2026	4,079,376	4,747,195
2027-2031	8,266,104	3,043,586
2032-2036	10,256,589	1,057,865
Totals	$ 22,602,069	$ 13,895,306

Compensated Absences

At June 30, 2016, the amount of compensated absences liability was $6,340,028. This amount consists of $6,061,760 for governmental funds, principally paid by the General Fund, and $278,268 for internal service funds.

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, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Lease Revenue Bonds, 2007	$ 23,120,000	$ -	$ (520,000)	$ 22,600,000	$ 550,000
Less unamortized discount	(240,792)	-	10,945	(229,847)	-
Refunding Lease Revenue Bonds, 2013	1,169,000	-	(122,000)	1,047,000	130,000
Plus unamortized premium	100,852	-	(12,606)	88,246	-
Refunding Lease Revenue Bonds, 2014	2,669,255	-	(6,324)	2,662,931	-
Plus unamortized premium	163,714	-	(7,796)	155,918	-
Lease Revenue Bonds, 2015	-	10,430,000	-	10,430,000	175,000
Less unamortized discount	-	(41,707)	1,438	(40,269)	
Compensated absences	137,225	166,816	(58,325)	245,716	147,430
Totals	$ 27,119,254	$ 10,555,109	$ (714,668)	$ 36,959,695	$ 1,002,430

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.

Note 6 Long Term Debt (Continued)

The annual debt service requirements for the Lease Revenue Bonds, 2007 payable outstanding at June 30, 2016, are as follows:

	Lease Revenue Bonds, 2007	
Year Ending June 30,	Principal	Interest
2017	$ 550,000	$ 1,280,893
2018	575,000	1,252,931
2019	610,000	1,221,024
2020	640,000	1,187,175
2021	680,000	1,151,661
2022-2026	3,995,000	5,150,414
2027-2031	5,245,000	3,899,208
2032-2036	6,940,000	2,209,150
2037-2038	3,365,000	292,963
Totals	$22,600,000	$ 17,645,419

2013 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2013 in the original issue amount of $11,695,000 were issued for the purpose of paying off a portion of the 2005 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $11,695,000 originally issued, the portion for the electric utility infrastructure ($1,240,770) has been separated and is shown as long-term debt for Electric Fund business-type activities. The bonds mature in serial fashion through November 1, 2032 and bear interest ranging from 3% to 5.00%. The bonds are not subject optional redemption but are subject to mandatory redemption beginning November 1, 2014. 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. The refunding transaction resulted in an economic gain of $540,667 ($58,446 attributable to the electric fund) and a reduction of $554,000 ($59,887 attributable to the electric fund) in the future debt service payments.

Note 6 Long Term Debt (Continued)

The annual debt service requirements for the 2013 Refunding Lease Revenue Bonds, payable outstanding at June 30, 2016, are as follows

	2013 Refunding Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2017	$ 130,000	$ 49,929
2018	133,000	43,226
2019	142,000	36,227
2020	149,000	28,850
2021	158,000	21,080
2022-2023	335,000	17,335
Totals	$ 1,047,000	$ 196,647

2014 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2014 in the original issue amount of $25,325,000 were issued for the purpose of paying off the remaining portion of the 2005 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $25,325,000 originally issued, the portion for the electric utility infrastructure ($2,669,255) has been separated and is shown as long-term debt for Electric Fund business-type activities. The bonds mature in serial fashion between November 2023 and November 2035 and bear interest ranging from 2% to 5%. The bonds are not subject to optional redemption but are subject to mandatory redemption beginning 2035. The bonds are payable from lease payments made by the City under a project lease dated December 1, 2013, 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, Sunnymead Park and Fire Station 99 (Morrison Park). The transaction resulted in an economic gain of $4,180,553 ($440,650 attributable to the electric fund) and a reduction of $6,604,104 ($696,043 attributable to the electric fund) in future debt service payments.

Note 6 Long Term Debt (Continued)

The annual debt service requirements for the 2014 Refunding Lease Revenue Bonds payable outstanding at June 30, 2016 are as follows:

	2014 Refunding Lease Revenue Bonds	
Year Ending June 30,	Principal	Interest
2017	$ -	118,918
2018	-	118,918
2019	-	118,918
2020	-	118,918
2021	-	118,918
2022-2026	480,624	559,305
2027-2031	973,896	358,589
2032-2036	1,208,411	124,636
Totals	$ 2,662,931	$ 1,637,120

Lease Revenue Bonds, 2015

Lease Revenue Bonds 2015 (Taxable) in the original issue amount of $10,430,000 were issued for the purpose of financing certain capital improvements of the City including installation of new electrical substation and associated feeders.The bonds mature in serial and term fashion through November 1, 2045 and bear interest ranging from 4.75% to 5.00%. The bonds are payable from base rental payments made by the City pursuant to a master facilities sublease dated December 1, 2015, between the City and the Moreno Valley Public Financing Authority (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 conference and recreation center. This issue is fully insured in the event of nonpayment by the City.

The annual debt service requirements for the 2015 Lease Revenue Bonds payable outstanding at June 30, 2016 are as follows:

	Lease Revenue Bonds, 2015	
Year Ending June 30,	Principal	Interest
2017	$ 175,000	$ 460,288
2018	200,000	457,444
2019	205,000	453,388
2020	210,000	448,325
2021	215,000	442,344
2022-2026	1,170,000	2,098,281
2027-2031	1,415,000	1,844,116
2032-2036	1,760,000	1,486,838
2037-2041	2,235,000	1,001,375
2042-2045	2,845,000	369,375
Totals	$ 10,430,000	$ 9,061,773

Note 6 Long Term Debt (Continued)

Compensated Absences

At June 30, 2016, the amount of compensated absences liability totaled $245,716. Based on the current trend of usage, $147,430 is expected to be paid within one year.

c. Conduit Debt

The City has no conduit debt as of June 30, 2016.

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, 2016, was $5,605,000.

Note 7 Interfund Receivables, Payables and Transfers

	Due To Other Funds				
Due From Other Funds	CSD Zones	Neighborhood Stabilization Grant	Nonmajor Govermental Funds	Agency Funds	Total
General Fund	$ 14,745	$ 3,135,377	$ 2,445,431	4,267	$ $ 5,599,820

a. Due To/From other 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, 2016, was $14,745.

The General Fund has made short-term loans to the following funds to eliminate negative cash balances:

Major Fund:	
Neighborhood Stabilization Grant	$ 3,135,377
Nonmajor Governmental Funds:	
Article 3 Transportation	7,462
Law Enforcement	235,068
Other Grants	57,227
Community Development Grant	736,007
Child Care Grant	27,316
Stormwater Maintenance	56,297
ASES Pogram Grants	464,216
TUMF Capital Projects	708,942
TRIP Capital Projects	36,766
Miscellaneous Grants	116,130
Total Nonmajor Govermental Funds	$ 5,580,808

a. Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds: Development Impact Fees
General Fund	$ 4,222,000

The General Fund loaned $4,222,000 to the Development Impact Fees Fund to cover negative cash balances resulting from construction of facilities and purchases of land for future expansion. This loan is to be fully repaid by June 30, 2017.

b. Interfund Transfers (Continued)

Transfers Out	Transfers In: General Fund	CSD Zones	Development Impact Fees	Facility Construction	Nonmajor Govermental Funds	Internal Service Funds	Total
General Fund	$ -	$ 1,004,137	$ -	$	$ 922,534	$ 815,000	$ 2,741,671
Development Impact Fees	4,552	-	-		3,357,645	-	3,362,197
Nonmajor Governmental Funds	-	-	1,239,184	155,000	1,089,957		2,484,141
Internal Service Funds	658,686		-		787,160	7,873,977	9,319,823
Total	$ 663,238	$ 1,004,137	$ 1,239,184	$ 155,000	$ 6,157,296	$ 8,688,977	$ 17,907,832

The General Fund transferred a total of $2,741,671 to several funds to provide subsidies to cover the operating deficits and to cover the cost for general benefit services.

The Development Impact Fees Fund transferred a total of $3,357,645 to non-major governmental funds for debt service payments and to provide support for several capital projects in the fiscal year.

The Internal Service Funds transferred a total of $7,873,977 between other Internal Service funds primarily as a result of reserve funds being transferred to the Equipment Maintenance Fund for future vehicle fleet replacements.

Note 8 Employee Pension Plan

a. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as common investment and administrative agent for its participating member employers. Benefits provisions under the Plan are established by State statute and City resolution. CalPERS issues publically available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	23.959%	27.196%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active employees	331
Retired employees	271
Inactive employees	268

Note 8 Employee Pension Plan (Continued)

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	Varies by Entry Age and Service (1)
Investment rate of return	7.65% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

Note 8 Employee Pension Plan (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Note 8 Employee Pension Plan (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Note 8 Employee Pension Plan (Continued)

c. Changes in the Net Pension Liability

The changes in the Net Pension Liability over the measurement period are as follows:

Miscellaneous Plan:	Total Pension Liability	Governmental Activities Net Pension Liability (Asset)	Enterprise Net Pension Liability (Asset)
Balance at June 30, 2014	$ 53,821,367	$ 52,471,997	$ 1,349,370
Changes in the year:			
Service cost	4,122,713	3,975,936	146,777
Interest on the total pension liability	12,457,642	12,014,125	443,517
Difference between actual and expected experience	(1,159,680)	(1,118,393)	(41,287)
Changes in assumptions	(3,142,601)	(3,030,718)	(111,883)
Contribution - employer	(4,923,787)	(4,748,490)	(175,297)
Contribution - employee (paid by employer)	(1,688,857)	(1,628,730)	(60,127)
Net investment income	(2,629,698)	(2,536,077)	(93,621)
Administrative expense	132,025	127,325	4,700
Net Changes	3,167,757	3,054,978	112,779
Balance at June 30, 2015	$ 56,989,124	$ 55,526,975	$ 1,462,149

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net pension liability	$ 81,175,549
Current Discount Rate	7.65%
Net pension liability	$ 56,989,124
1% Increase	8.65%
Net pension liability	$ 37,029,628

Note 8 Employee Pension Plan (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the City recognized pension expense of $4,141,716. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,070,294	$ -
Changes of assumptions	-	(2,058,945)
Differences between expected and actual experiences	-	(759,790)
Net difference between projected and actual earnings on pension plan	4,824,682	(5,831,643)
	$ 9,894,976	$ (8,650,378)

$ 5,070,294 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	$ (2,221,257)
2017	(2,072,900)
2018	(737,711)
2019	1,206,172
2020	-
Thereafter	-

As of June 30, 2016, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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 Cal PERS (age 50 and 5 years of Cal PERS 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 (Cal PERS), 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 provisions from the benefit menu by contract with Cal PERS and adopts those benefits through local ordinance. Cal PERS issues a separate comprehensive annual financial report. Copies of the Cal PERS annual financial report may be obtained from the Cal PERS 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 un funded actuarial liabilities over a period not to exceed thirty years. The current ARC rate is 5.00% of the annual covered payroll.

Annual OPEB Cost

For fiscal year 2015-2016, the City’s annual OPEB cost was $910,000. The required contribution for the fiscal year was determined as part of the June 30, 2015 actuarial valuation using the entry age normal cost method. The actuarial assumptions included:

a) 6.00% investment rate of return (net of administrative expenses),
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 with 22 years remaining as of June 30, 2016.

Note 9 Other Post-Employment Benefits (OPEB) (continued)

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	$ 904,000
Interest on OPEB obligation	115,000
Adjustment to annual required contribution	(109,000)
Annual OPEB cost (expense)	910,000
Contribution made	(904,000)
Increase on OPEB obligation	6,000
Net OPEB obligation - beginning of year	1,593,000
Net OPEB obligation - end of year	$ 1,599,000

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 health care 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.

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.

Note 9 Other Post-Employment Benefits (OPEB) (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for last three fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	$ 1,066,000	58%	$ 1,347,000
6/30/2015	910,000	73%	1,593,000
6/30/2016	910,000	99%	1,599,000

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
6/30/2013	$ 12,531,000	$ 6,186,000	$ 6,345,000	49.4%	$ 21,589,000	29.4%
6/30/2015	18,148,000	7,805,000	10,343,000	43.0%	17,919,000	57.7%

Note 10 Fund Deficits

The following fund contained a deficit fund balance as of June 30, 2016:

Nonmajor Govermental Funds:	
Capital Fund Projects:	
TUMF Capital Projects	$ 122,130

This deficit fund balance is a result of reimbursement monies not yet received and will be funded through future revenues.

Note 11 Commitments and Contingencies

a. 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.

b. Construction Commitments

The following material construction commitments existed at June 30, 2016:

Project Name	Contract Amount	Expenditures to date as of 6/30/2016	Remaining Commitments
Governmental Activities			
Perris Blvd/Ironwood-Manzanita	$ 5,217,720	$ 5,096,936	$ 120,784
Nason St./Cactus Ave to Fir Ave.	8,748,971	7,945,321	803,650
SR-60/Nason Overcrossin Bridge	14,991,322	14,911,824	79,498
Corporate Yard	3,244,512	2,102,413	1,142,099
Electric Utility			
No commitments at June 30, 2016			

c. 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.

d. Grants Review

The City has received local, state and federal funds for specific purposes that are subject to review and audit by the contracting agencies. Although such audits could generate expense disallowances under terms of the grants or contracts, it is believed that any required reimbursements will not be material.

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 $1,353,000 and $607,660 for the workers' compensation claims and general liability claims, respectively, for a total of $1,960,660. Of these amounts, the current year's adjustment is a decrease of $256,340.

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:

	General Liability	Workers; Compensation	Total
Amounts of accrued claims at June 30, 2014	$ 671,000	$ 1,423,000	$ 2,094,000
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.	359,000	436,000	795,000
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	(183,000)	(489,000)	(672,000)
Amount of accrued claims at June 30, 2015	847,000	1,370,000	2,217,000
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.	(44,100)	422,000	377,900
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	(195,240)	(439,000)	(634,240)
Amount of accrued claims at June 30, 2016	$ 607,660	$ 1,353,000	$ 1,960,660

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.

Note 13 Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

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).

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 City acts as the Successor Agency for the former redevelopment agency and accounts for its activities in a private purpose trust fund.

Cash and Investments

Cash and investments of the Successor Agency reported in the accompanying financial statements consisted of the following:

Cash and investments	$ 3,235,375
Cash and investments with fiscal agent	8
	$ 3,235,383

The Successor Agency's cash and investments are pooled with the City's cash and investments 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.

Note 13 Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

Long-Term Debt

A description of long-term debt outstanding of the Successor Agency as of June 30, 2016, follows:

	Balance July 1, 2015	Additions	Repayments	Balance June 30, 2016	Due Within One Year
Fiduciary Activities					
City loans - principal	$12,192,276	$ -	$ (595,140)	$11,597,136	$ 595,140
City loans - interest	3,376,068	-	(167,860)	3,208,205	167,860
Notes payable, Price Company	166,043	-	(166,043)	-	-
2007 TABs, Series A	41,585,000	-	(235,000)	41,350,000	245,000
Totals	$57,319,387	$ -	$ (1,164,043)	$56,155,341	$ 1,008,000

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 4.9% 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, 2016, the outstanding principal and accrued interest balances are $11,597,136 and $3,208,208, respectively.

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 from property tax equal to 50% of site-generated sales tax. As of June 30, 2016, the outstanding balance was paid in full.

Note 13 Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

2007 Tax Allocation Bonds Series A

The former Redevelopment Agency 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.

The annual debt service requirements for the 2007 Tax Allocation Bonds Series A payable outstanding at June 30, 2016, are as follows:

	2007 Tax Allocation Bonds Series A	
Year Ending June 30,	Principal	Interest
2017	$ 245,000	$ 2,000,109
2018	250,000	1,990,209
2019	260,000	1,980,009
2020	265,000	1,969,509
2021	270,000	1,958,640
2022-2026	6,415,000	9,204,840
2027-2031	10,040,000	7,187,818
2032-2036	13,655,000	4,261,125
2037-2038	9,950,000	762,500
Totals	$ 41,350,000	$ 31,314,759

Note 13 Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

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 $72,664,759 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 $5,877,243 and the debt service obligation on the bonds was $2,244,121.

a. 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.

b. Commitments and Contingencies

Litigation

At June 30, 2016, 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.

Note 14 Subsequent Events

The City has evaluated events subsequent to June 30, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 6, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

On August 25, 2016 the Community Facilities District No. 7 of the City of Moreno Valley issued bonds in the amount of $3,265,000. These bonds mature September 1, 2047 and bear a total interest cost of 3.31%. These bonds were issued in order to reimburse the developer for the cost of certain site improvements and will be repaid from a special tax assessment levied on the parcels. This debt is not the responsibility of the City but the City has agreed to act as the administrator for the collection of the special tax and the transfer of special tax funds to the trustee for the payment of debt service.

The City is in the process of issuing bonds totaling approximately $24,475,000 with the purpose of refunding the outstanding balance of the 2007 Lease Revenue Bonds (Taxable). In 2007 the City issued bonds in the amount of $25,765,000 to construct various facilities related to the Moreno Valley Utility. As of June 30, 2016 the remaining outstanding balance totaled $22.6 million. The issue is structured as an advanced refunding issue with the bond proceeds to be held by the trustee until the first call date in May 2017. The refunding bond issuance is expected to be finalized by mid-December 2016.

City of Moreno Valley, California

Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Years*

Last Ten Years *

		Reporting Period		
		2015		2016
Total Pension Liability				
Service cost	$	4,630,703	$	4,122,713
Interest on total pension liability		11,785,648		12,457,642
Differences between expected and actual experience		—		(1,159,680)
Changes in assumptions		—		(3,142,601)
Benefit payments, including refunds of employee contributions		(5,670,706)		(6,643,394)
Net change in total pension liability		10,745,645		5,634,680
Total pension liability - beginning of year		157,661,972		168,407,617
Total pension liability - end of year (a)	$	168,407,617	$	174,042,297
Plan Fiduciary Net Position				
Contributions - employer	$	4,620,745	$	4,923,787
Contributions - employee		1,934,518		1,688,857
Net investment income		16,911,034		2,629,698
Benefit payments		(5,670,706)		(6,643,394)
Administrative expenses		—		(132,025)
Net change in plan fiduciary net position		17,795,591		2,466,923
Plan fiduciary net position - beginning of year		96,790,659		114,586,250
Plan fiduciary net position - end of year (b)	$	114,586,250	$	117,053,173
Net pension liability - end of year (a)-(b)	$	53,821,367	$	56,989,124
Plan fiduciary net position as a percentage of the total pension liability		68.04%		67.26%
Covered - employee payroll	$	23,278,052	$	22,079,654
Net pension liability as percentage of covered-employee payroll		231.21%		258.11%

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as awell as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumption - The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

* Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

City of Moreno Valley, California

Schedule of Plan Contributions
Last Ten Years*

	2015	2016
Actually determined contributions	$ 4,616,283	$ 4,919,325
Contributions in relation to the actuarially determined contributions	(4,620,745)	(4,923,787)
Contribution deficiency / (excess)	$ (4,462)	$ (4,462)
Covered-employee payroll	$ 23,278,052	$ 22,079,654
Contributions as a percentage of covered-employee payroll	19.85%	22.30%

Notes to Schedule:

Valuation date	6/30/2013	6/30/2014

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Actuarial cost method	Entry Age Normal
Amortization method / Period	For details, see June 30, 2012 Funding Valuation Report.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.50%, Net of Pension Plan Investment Expense and Expenses; including inflation.
Retirement age	The probabilities of Retirement are based on the 2010 Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre- and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

Supplemental Schedules

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2016

CITY OF MORENO VALLEY

DECEMBER 3, 1984

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

State Gas 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.

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 Grants 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).

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 recycling, energy efficiency, 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 REVENUE FUNDS (CONTINUED):

Special Districts Administration Fund

This fund is used to account for the coordination and administration of all special assessments districts formed within the City for infrastructure improvements.

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 Grant 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 No. 2014-01 Fund

This fund is used to finance public services related to new parks constructed after the formation of the District and authorized the levy of a special tax. Financial responsibility for new parks is placed onto those properties that created the need for additional park facilities.

CFD No. 4-M Fund

This fund is used to account for the maintenance and administration costs of the detention basin within Centerpointe Business Park.

SPECIAL REVENUE FUNDS (CONTINUED):

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 American Medical Response (AMR) fines received by the City, which are to be used only to fund the purchase of various equipment needed by the Fire Department.

Energy Efficiency Revolving Fund

This fund is used to account for cost-effective energy efficiency programs and projects with the use of utility rebates and incentives.

Capital Projects Grants Fund

This fund is used to account for capital project financed by grants.

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.

CAPITAL PROJECTS FUNDS (CONTINUED):

Parks and Community Services Development and Projects Fund

This fund is used to account for parks acquisition and development projects 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.

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.

TRIP Capital Projects Fund

This fund is used to account for the construction of capital improvements funded by the 2013 TRIP Certificates of Participation issued in August 2013.

DEBT SERVICE FUNDS:

2007 Towngate Improvement Refunding 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 Improvement Area No. 1 Special Tax Refunding Bonds issued November 29, 2007.

2007 Towngate Refunding 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 Special Tax Refunding Bonds issued November 29, 2007.

2011 Private Placement Refunding 97 Lease Rev Bonds

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Lease Revenue Bonds.

2011 Private Placement Refunding 97 Various COPs

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 1997 Certificates of Participation.

DEBT SERVICE FUNDS (CONTINUED):

TRIP COP 13A Debt Service Fund

This fund is used to account for the accumulation of resources and for the payment of the 2013 TRIP Certificates of Participation issued in August 2013.

2013 Refunding 2005 Lease Revenue Bonds

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 2005 Lease Revenue Bonds.

2014 Refunding 2005 Lease Revenue Bonds

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 2005 Lease Revenue Bonds.

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.

Cultural Preservation Fund

This fund is used to account for funds held and managed for the purposes of securing a museum location or renovating a building for use as a museum. The interest earned will be used for the benefit of museum facility acquisition.

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	State Gasoline Tax	Article 3 Transportation	Measure A	Law Enforcement Grants
Assets				
Pooled cash and investments	$ 45,529	$ -	$ 6,794,068	$ -
Receivables:				
Accounts	-	-	9,220	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	32,821	1,100,532	254,079
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	**$ 45,529**	**$ 32,821**	**$ 7,903,820**	**$ 254,079**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilitites				
Accounts payable	$ 29,175	$ 25,359	$ 187,454	$ 19,011
Accrued liabilities	16,354	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	7,462	-	235,068
Total Liabilities	**45,529**	**32,821**	**187,454**	**254,079**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable				
Notes and loans	-	-	-	-
Advances to other funds	-	-		-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	7,716,366	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Water quality	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**-**	**-**	**7,716,366**	**-**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 45,529**	**$ 32,821**	**$ 7,903,820**	**$ 254,079**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds				
Other Grants	Public Education Government Access	Air Quality Management	Community Development Block Grant	
				Assets
$ -	$ 1,397,752	$ 158,718	$ -	Pooled cash and investments
				Receivables:
10,733	147,931	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
291,966	-	-	1,151,719	Due from other governments
				Restricted assets:
-	-	-	-	Cash with fiscal agents
$ 302,699	**$ 1,545,683**	**$ 158,718**	**$ 1,151,719**	**Total Assets**
				Liabilities, Deferred Inflows of Resources, and Fund Balances:
				Liabilitites
$ 72,595	$ -	$ 11,794	$ 415,712	Accounts payable
-	-	-	-	Accrued liabilities
56,747	-	-	-	Unearned revenues
173,357	-	-	736,007	Due to other funds
302,699	**-**	**11,794**	**1,151,719**	**Total Liabilities**
				Deferred Inflows of Resources:
-	-	-	-	Unavailable revenues
-	**-**	**-**	**-**	**Total Deferred Inflows of Resources**
				Fund Balances:
				Nonspendable
-	-	-	-	Notes and loans
-	-	-	-	Advances to other funds
-	-	-	-	Permanent fund principal
				Restricted for:
-	1,545,683	-	-	Community development projects
-	-	-	-	Public safety
	-	146,924	-	Public works
-	-	-	-	Capital projects
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Water quality
-	-	-	-	**Unassigned**
-	**1,545,683**	**146,924**	**-**	**Total Fund Balances**
$ 302,699	**$ 1,545,683**	**$ 158,718**	**$ 1,151,719**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	Special Districts Administration	Storm Water Management	HOME	Child Care Grant
Assets				
Pooled cash and investments	$ 1,212,450	$ 701,883	$ 246,318	$ -
Receivables:				
Accounts	-	39,790	-	-
Notes and loans	-	-	5,682,485	-
Interest	-	-	536,658	-
Due from other governments	-	4,026	132,017	60,005
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	**$ 1,212,450**	**$ 745,699**	**$ 6,597,478**	**$ 60,005**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilitites				
Accounts payable	$ 1,813	$ 38,082	$ 60,231	$ 2,907
Accrued liabilities	21,243	-	-	29,782
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	27,316
Total Liabilities	**23,056**	**38,082**	**60,231**	**60,005**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	637,987	-
Total Deferred Inflows of Resources	**-**	**-**	**637,987**	**-**
Fund Balances:				
Nonspendable				
Notes and loans	-	-	5,581,156	-
Advances to other funds	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	318,104	-
Public safety	-	-	-	-
Public works	1,189,394	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Water Quality	-	707,617	-	-
Unassigned		-	-	-
Total Fund Balances	**1,189,394**	**707,617**	**5,899,260**	**-**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 1,212,450**	**$ 745,699**	**$ 6,597,478**	**$ 60,005**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds				
Used Oil Recycling	Storm Water Maintenance	ASES Program Grants	CFD No. 2014-01	
				Assets
$ 62,107	$ -	$ -	$ 157,753	Pooled cash and investments
				Receivables:
-	140,786	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
-	-	505,092	835	Due from other governments
				Restricted assets:
-	-	-	-	Cash with fiscal agents
$ 62,107	**$ 140,786**	**$ 505,092**	**$ 158,588**	**Total Assets**
				Liabilities, Deferred Inflows of Resources, and Fund Balances:
				Liabilities
$ 7,249	$ 4,883	$ 5,403	$ 87,621	Accounts payable
-	-			Accrued liabilities
54,858	-	-	-	Unearned revenues
-	56,297	464,216	-	Due to other funds
62,107	**61,180**	**469,619**	**87,621**	**Total Liabilities**
				Deferred Inflows of Resources:
-	-	-	-	Unavailable revenues
-	**-**	**-**	**-**	**Total Deferred Inflows of Resources**
				Fund Balances:
				Nonspendable
-	-	-	-	Notes and loans
-	-	-	-	Advances to other funds
-	-	-	-	Permanent fund principal
				Restricted for:
-	-	35,473	-	Community development projects
-	-	-	-	Public safety
-	79,606	-	70,967	Public works
-	-	-	-	Capital projects
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Water quality
-	-	-	-	**Unassigned**
-	**79,606**	**35,473**	**70,967**	**Total Fund Balances**
$ 62,107	**$ 140,786**	**$ 505,092**	**$ 158,588**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds			
	CFD No. 4-M	Civil Penalties	Emergency Services Agency Fines	Energy Efficiency Revolving
Assets				
Pooled cash and investments	$ 85,013	$ 124,174	$ 391,028	$ 123,949
Receivables:				
Accounts	-	-	82,254	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	**$ 85,013**	**$ 124,174**	**$ 473,282**	**$ 123,949**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities				
Accounts payable	$ 3,748	$ 2,599	$ -	$ -
Accrued liabilities		-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	**3,748**	**2,599**	**-**	**-**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable				
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	121,575	-	-
Public safety	-	-	473,282	-
Public works	81,265	-	-	123,949
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Water quality	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**81,265**	**121,575**	**473,282**	**123,949**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 85,013**	**$ 124,174**	**$ 473,282**	**$ 123,949**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Special Revenue Funds	Capital Projects Fund			
Grants Capital Projects	**Public Works Capital Projects**	**Traffic Signal Mitigation**	**Fire Services Capital Projects**	
				Assets
$ 676,708	$ 904,994	$ 141,191	$ 62,884	Pooled cash and investments
				Receivables:
-	-	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
172,230	374,637	-	-	Due from other governments
				Restricted assets:
-	-	-	-	Cash with fiscal agents
$ 848,938	**$ 1,279,631**	**$ 141,191**	**$ 62,884**	**Total Assets**
				Liabilities, Deferred Inflows of Resources, and Fund Balances:
				Liabilities
$ 49,521	$ 113,439	$ -	$ -	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	-	-	-	Due to other funds
49,521	**113,439**	**-**	**-**	**Total Liabilities**
				Deferred Inflows of Resources:
-	-	-	-	Unavailable revenues
-	**-**	**-**	**-**	**Total Deferred Inflows of Resources**
				Fund Balances:
				Nonspendable
-	-	-	-	Notes and loans
-	-	-	-	Advances to other funds
-	-	-	-	Permanent fund principal
				Restricted for:
-	-	-	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
799,417	1,166,192	141,191	62,884	Capital projects
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Water quality
-	-	-	-	**Unassigned**
799,417	**1,166,192**	**141,191**	**62,884**	**Total Fund Balances**
$ 848,938	**$ 1,279,631**	**$ 141,191**	**$ 62,884**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Capital Projects Funds			
	Towngate Capital / Administration	Warner Ranch Capital / Development	Parks and Community Services Capital Projects	TUMF Capital Projects
Assets				
Pooled cash and investments	$ -	$ -	$ 4,436,925	$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	
Due from other governments	-	-	-	612,940
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	**$ -**	**$ -**	**$ 4,436,925**	**$ 612,940**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities				
Accounts payable	$ -	$ -	$ 20,726	$ 26,128
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	708,942
Total Liabilities	**-**	**-**	**20,726**	**735,070**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable	-	-	-	-
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	4,416,199	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Water quality	-	-	-	-
Unassigned	-	-	-	(122,130)
Total Fund Balances	**-**	**-**	**4,416,199**	**(122,130)**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ -**	**$ -**	**$ 4,436,925**	**$ 612,940**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Capital Projects Funds		Debt Service Funds		
DIF Capital Projects	TRIP Capital Projects	2007 Towngate Improvement Refunding	2007 Towngate Refunding	
				Assets
$ 1,052,513	$ -	$ 72,436	$ 47,816	Pooled cash and investments
				Receivables:
-	-	-	-	Accounts
-	-	-	-	Notes and loans
	-	-	-	Interest
20,555	-	2,004	-	Due from other governments
				Restricted assets:
-	1,576,698	785,861	2,804,299	Cash with fiscal agents
$ 1,073,068	**$ 1,576,698**	**$ 860,301**	**$ 2,852,115**	**Total Assets**
				Liabilities, Deferred Inflows of Resources, and Fund Balances:
				Liabilities
$ 21,307	$ 822,052	$ -	$ -	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	36,766	-	-	Due to other funds
21,307	**858,818**	**-**	**-**	**Total Liabilities**
				Deferred Inflows of Resources:
-	-	-	-	Unavailable revenues
-	-	-	-	**Total Deferred Inflows of Resources**
				Fund Balances:
-				**Nonspendable**
-	-	-	-	Notes and loans
-	-	-	-	Advances to other funds
-	-	-	-	Permanent fund principal
				Restricted for:
-	-	-	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
1,051,761	717,880	-	-	Capital projects
-	-	860,301	2,852,115	Debt service
-	-	-	-	Endowment
-	-	-	-	Water quality
-	-	-	-	**Unassigned**
1,051,761	**717,880**	**860,301**	**2,852,115**	**Total Fund Balances**
$ 1,073,068	**$ 1,576,698**	**$ 860,301**	**$ 2,852,115**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Debt Service Funds			
	2011 Private Placement Ref 97 Lease Rev Bonds	2011 Private Placement Ref 97 COPs	TRIP COP 13A Debt Service	2013 Refunding 2005 Lease Revenue Bonds
Assets				
Pooled cash and investments	$ -	$ -	$ -	$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	2,778	9
Total Assets	**$ -**	**$ -**	**$ 2,778**	**$ 9**
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total Liabilities	**-**	**-**	**-**	**-**
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	**-**	**-**	**-**	**-**
Fund Balances:				
Nonspendable				
Notes and loans	-	-	-	-
Advances to other funds	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted for:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	2,778	9
Endowment	-	-	-	-
Water quality	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	**-**	**-**	**2,778**	**9**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ -**	**$ -**	**$ 2,778**	**$ 9**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

Debt Services Funds	Permanent Funds			
2014 Refunding 2005 Lease Revenue Bonds	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment	
				Assets
$ 6,019,109	$ 63,282	$ 11,159	$ 109,704	Pooled cash and investments
				Receivables:
-	-	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
-	-	-	-	Due from other governments
				Restricted assets:
18	-	-	-	Cash with fiscal agents
$ 6,019,127	**$ 63,282**	**$ 11,159**	**$ 109,704**	**Total Assets**
				Liabilities, Deferred Inflows of Resources, and Fund Balances:
				Liabilities
$ -	$ -	$ -	$ -	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	-	-	-	Due to other funds
-	**-**	**-**	**-**	**Total Liabilities**
				Deferred Inflows of Resources:
-	-	-	-	Unavailable revenues
-	**-**	**-**	**-**	**Total Deferred Inflows of Resources**
				Fund Balances:
				Nonspendable
-	-	-	-	Notes and loans
-	-	-	-	Advances to other funds
-	49,050	10,000	100,000	Permanent fund principal
				Restricted for:
-	-	-	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
-	-	-	-	Capital projects
6,019,127				Debt service
-	14,232	1,159	9,704	Endowment
-	-	-	-	Water quality
-	-	-	-	**Unassigned**
6,019,127	**63,282**	**11,159**	**109,704**	**Total Fund Balances**
$ 6,019,127	**$ 63,282**	**$ 11,159**	**$ 109,704**	**Total Liabilities, Deferred Inflows of Resources and Fund Balances**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Permanent Funds		
	NPDES Endowment	Cultural Preservation	Total Nonmajor Governmental Funds
Assets			
Pooled cash and investments	$ 32,790	$ 120,747	$ 25,253,000
Receivables:			
Accounts	-	-	430,714
Notes and loans	-	-	5,682,485
Interest	-	-	536,658
Due from other governments	-	-	4,715,458
Restricted assets:			
Cash with fiscal agents	-	-	5,169,663
Total Assets	**$ 32,790**	**$ 120,747**	**$ 41,787,978**
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities			
Accounts payable	$ -	$ -	$ 2,028,809
Accrued liabilities	-	-	67,379
Unearned revenues	-	-	111,605
Due to other funds	-	-	2,445,431
Total Liabilities	**-**	**-**	**4,653,224**
Deferred Inflows of Resources:			
Unavailable revenues	-	-	637,987
Total Deferred Inflows of Resources	**-**	**-**	**637,987**
Fund Balances:			
Nonspendable			
Notes and loans	-	-	5,581,156
Advances to other funds	-	-	-
Permanent fund principal	14,506	114,542	288,098
Restricted for:			
Community development projects	-	-	2,020,835
Public safety	-	-	473,282
Public works	-	-	9,408,471
Capital projects	-	-	8,355,524
Debt service	-	-	9,734,330
Endowment	18,284	6,205	49,584
Water quality	-	-	707,617
Unassigned	-	-	(122,130)
Total Fund Balances	**32,790**	**120,747**	**36,496,767**
Total Liabilities, Deferred Inflows of Resources and Fund Balances	**$ 32,790**	**$ 120,747**	**$ 41,787,978**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Special Revenue Funds			
	State Gasoline Tax	**Article 3 Transportation**	**Measure A**	**Law Enforcement**
Revenues				
Taxes:				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	4,319,726	32,821	5,051,521	449,813
Fees and charges for services	5,505	-	9,220	-
Use of money and property	-	-	80,681	-
Miscellaneous	4,669	-	35,710	-
Total Revenues	**4,329,901**	**32,821**	**5,177,132**	**449,813**
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	449,813
Community development	-	-	-	-
Community and cultural	-	-	-	-
Public works	4,208,561	-	1,581,072	-
Capital outlay	36,450	32,821	2,177,126	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**4,245,011**	**32,821**	**3,758,198**	**449,813**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**84,890**	**-**	**1,418,934**	**-**
Other Financing Sources (Uses)				
Transfers in	160,000	-	-	-
Transfers out	(50,000)	-	(2,090,303)	-
Contributions from Successor Agency	-	-	-	-
Total other financing sources (uses)	**110,000**	**-**	**(2,090,303)**	**-**
Net Change in Fund Balances	194,890	-	(671,369)	-
Fund Balances				
Beginning of year	(194,890)	-	8,387,735	-
End of year	**$ -**	**$ -**	**$ 7,716,366**	**$ -**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

Special Revenue Funds				
Other Grants	Public Education Government Access	Air Quality Management	Community Development Block Grant	
				Revenues
				Taxes:
$ -	$ -	$ -	$ -	Other taxes
526,270	-	250,806	2,539,555	Intergovernmental
-	-	23,597	-	Fees and charges for services
-	-	622	-	Use of money and property
-	598,352	-	-	Miscellaneous
526,270	**598,352**	**275,025**	**2,539,555**	**Total Revenues**
				Expenditures
				Current:
16,779	657,976	-	-	General government
162,405	-	-	124,666	Public safety
132,601	-	-	744,053	Community development
8,175	-	-	-	Community and cultural
38,382	-	198,125	-	Public works
167,928	5,820	77,589	1,670,836	Capital outlay
				Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
526,270	**663,796**	**275,714**	**2,539,555**	**Total Expenditures**
-	**(65,444)**	**(689)**	**-**	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
				Other Financing Sources (Uses)
-	-	-	-	Transfers in
-	-	-	-	Transfers out
-	-	-	-	Contributions from Successor Agency
-	**-**	**-**	**-**	**Total other financing sources (uses)**
-	(65,444)	(689)	-	Net Change in Fund Balances
				Fund Balances
-	1,611,127	147,613	-	Beginning of year
$ -	**$ 1,545,683**	**$ 146,924**	**$ -**	**End of year**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Special Revenue Funds			
	Special Districts Administration	Storm Water Management	HOME	Child Care Grant
Revenues				
Taxes:				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	142,590	626,967
Fees and charges for services	705,915	615,888	-	14,572
Use of money and property	10,484	-	-	
Miscellaneous	-	-	-	729
Total Revenues	**716,399**	**615,888**	**142,590**	**642,268**
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community development	-	-	457,149	-
Community and cultural	-	-	-	642,268
Public works	577,346	447,402	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**577,346**	**447,402**	**457,149**	**642,268**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**139,053**	**168,486**	**(314,559)**	**-**
Other Financing Sources (Uses)				
Transfers in	-	223	-	-
Transfers out	-	-	-	-
Contributions from Successor Agency	-	-	-	-
Total other financing sources (uses)	**-**	**223**	**-**	**-**
Net Change in Fund Balances	139,053	168,709	(314,559)	-
Fund Balances				
Beginning of year	1,050,341	538,908	6,213,819	-
End of year	**$ 1,189,394**	**$ 707,617**	**$ 5,899,260**	**$ -**

City of Moreno Valley, California

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016

Special Revenue Funds				
Used Oil Recycling	Storm Water Maintenance	ASES Program Grants	CFD No. 2014-01	
				Revenues
				Taxes:
$ -	$ -	$ -	$ 27,547	Other taxes
51,803	-	6,734,556	-	Intergovernmental
-	299,542	-	11,560	Fees and charges for services
-	-	-	528	Use of money and property
-	-	21,131	-	Miscellaneous
51,803	**299,542**	**6,755,687**	**39,635**	**Total Revenues**
				Expenditures
				Current:
-	-	-	-	General government
-	-	-	-	Public safety
-	-	-	-	Community development
-	-	6,735,844	-	Community and cultural
51,803	305,340	-	6,860	Public works
-	-		-	Capital outlay
				Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
51,803	**305,340**	**6,735,844**	**6,860**	**Total Expenditures**
-	**(5,798)**	**19,843**	**32,775**	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
				Other Financing Sources (Uses)
-	50,000	-	-	Transfers in
-	-	-	-	Transfers out
-	-	-	-	Contributions from Successor Agency
-	**50,000**	**-**	**-**	**Total other financing sources (uses)**
-	44,202	19,843	32,775	Net Change in Fund Balances
				Fund Balances
-	35,404	15,630	38,192	Beginning of year
$ -	**$ 79,606**	**$ 35,473**	**$ 70,967**	**End of year**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Special Revenue Funds			
	CFD #4M	Civil Penalties	Emergency Services Agency Fines	Energy Efficiency Revolving
Revenues				
Taxes:				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	82,253	-
Fees and charges for services	33,978	-	-	-
Use of money and property	1,285	-	6,743	-
Miscellaneous	-	11,008	-	21,986
Total Revenues	**35,263**	**11,008**	**88,996**	**21,986**
Expenditures				
Current:				
General government	-	86,616	-	-
Public safety	-	-	1,195	-
Community development	-	-	-	-
Community and cultural	-	-	-	-
Public works	28,063	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**28,063**	**86,616**	**1,195**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**7,200**	**(75,608)**	**87,801**	**21,986**
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Contributions from Successor Agency	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**-**	**-**
Net Change in Fund Balances	7,200	(75,608)	87,801	21,986
Fund Balances				
Beginning of year	74,065	197,183	385,481	101,963
End of year	**$ 81,265**	**$ 121,575**	**$ 473,282**	**$ 123,949**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

Special Revenue Funds	Capital Projects Fund			
Grants Capital Projects	Public Works Capital Projects	Traffic Signal Mitigation	Fire Services Capital Projects	
				Revenues
				Taxes:
$ -	$ -	$ -	$ -	Other taxes
1,142,200	994,626	-	-	Intergovernmental
-	1,236	-	-	Fees and charges for services
-	-	-	-	Use of money and property
-	347,672	-	-	Miscellaneous
1,142,200	**1,343,534**	**-**	**-**	**Total Revenues**
				Expenditures
				Current:
-	-	-	-	General government
-	-	-	-	Public safety
46,340	-	-	-	Community development
-	-	-	-	Community and cultural
-	-	-	-	Public works
1,358,586	1,188,303	-	98,242	Capital outlay
				Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
1,404,926	**1,188,303**	**-**	**98,242**	**Total Expenditures**
(262,726)	**155,231**	**-**	**(98,242)**	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
				Other Financing Sources (Uses)
-	11,001	-	176,500	Transfers in
-	-	-	-	Transfers out
-	-	-	-	Contributions from Successor Agency
-	**11,001**	**-**	**176,500**	**Total other financing sources (uses)**
(262,726)	166,232	-	78,258	Net Change in Fund Balances
				Fund Balances
1,062,143	999,960	141,191	(15,374)	Beginning of year
$ 799,417	**$ 1,166,192**	**$ 141,191**	**$ 62,884**	**End of year**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Capital Projects Funds			
	Towngate Capital / Administration	**Warner Ranch Capital / Development**	**Parks and Community Services Capital Projects**	**TUMF Capital Projects**
Revenues				
Taxes:				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	1,530,577
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**-**	**-**	**-**	**1,530,577**
Expenditures				
Current:				
General government	-	2,672	-	-
Public safety	-	-	-	-
Community development	-	-	-	-
Community and cultural	-	-	-	-
Public works	177,430	-	-	-
Capital outlay	-	-	660,907	1,415,343
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	**177,430**	**2,672**	**660,907**	**1,415,343**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(177,430)**	**(2,672)**	**(660,907)**	**115,234**
Other Financing Sources (Uses)				
Transfers in	177,430	-	1,035,000	-
Transfers out	-	(11,001)	(155,184)	-
Contributions from Successor Agency	-	-	-	-
Total other financing sources (uses)	**177,430**	**(11,001)**	**879,816**	**-**
Net Change in Fund Balances	-	(13,673)	218,909	115,234
Fund Balances				
Beginning of year	-	13,673	4,197,290	(237,364)
End of year	**$ -**	**$ -**	**$ 4,416,199**	**$ (122,130)**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

Capital Projects Funds		Debt Service Funds		
DIF Capital Projects	TRIP Capital Projects	2007 Towngate Improvement Refunding	2007 Towngate Refunding	
				Revenues
				Taxes:
$ -	$ -	$ 114,070	$ -	Other taxes
31,839	-	-	-	Intergovernmental
-	-	-	-	Fees and charges for services
-	2,042	178	677	Use of money and property
24,711	6,505	-	-	Miscellaneous
56,550	**8,547**	**114,248**	**677**	**Total Revenues**
				Expenditures
				Current:
-	-	-	-	General government
-	-	-	-	Public safety
-	-	-	-	Community development
-	-	-	-	Community and cultural
-	-	-	-	Public works
498,142	6,475,159	-	-	Capital outlay
				Debt service:
-	-	240,000	760,000	Principal retirement
-	-	115,739	253,381	Interest and fiscal charges
498,142	**6,475,159**	**355,739**	**1,013,381**	**Total Expenditures**
(441,592)	**(6,466,612)**	**(241,491)**	**(1,012,704)**	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
				Other Financing Sources (Uses)
2,145	-	-	-	Transfers in
-	-	(31,366)	(146,064)	Transfers out
-	-	280,000	1,190,000	Contributions from Successor Agency
2,145	**-**	**248,634**	**1,043,936**	**Total other financing sources (uses)**
(439,447)	(6,466,612)	7,143	31,232	Net Change in Fund Balances
				Fund Balances
1,491,208	7,184,492	853,158	2,820,883	Beginning of year
$ 1,051,761	**$ 717,880**	**$ 860,301**	**$ 2,852,115**	**End of year**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

	Debt Service Funds			
	2011 Private Placement Ref 97 Lease Rev Bonds	2011 Private Placement Ref 97 COPs	TRIP COP 13A Debt Service	2013 Refunding 2005 Lease Revenue Bonds
Revenues				
Taxes:				
Other taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	-	-	42	15
Miscellaneous	-	-	-	-
Total Revenues	**-**	**-**	**42**	**15**
Expenditures				
Current:				
General government	-	-		-
Public safety	-	-	-	-
Community development	-	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	12,254	3,848
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	252,000	753,500	-	1,033,000
Interest and fiscal charges	87,082	33,660	991,313	459,641
Total Expenditures	**339,082**	**787,160**	**1,003,567**	**1,496,489**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**(339,082)**	**(787,160)**	**(1,003,525)**	**(1,496,474)**
Other Financing Sources (Uses)				
Transfers in	189,082	787,160	1,006,303	1,496,452
Transfers out	-	-	-	-
Contributions from Successor Agency	150,000	-	-	-
Total other financing sources (uses)	**339,082**	**787,160**	**1,006,303**	**1,496,452**
Net Change in Fund Balances	-	-	2,778	(22)
Fund Balances				
Beginning of year	-	-	-	31
End of year	**$ -**	**$ -**	**$ 2,778**	**$ 9**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds Year Ended June 30, 2016

Debt Service Funds: 2014 Refunding 2005 Lease Revenue Bonds	Permanent Funds: Celebration Park Endowment	Permanent Funds: Equestrian Trail Endowment	Permanent Funds: Rockridge Park Endowment	
				Revenues
				Taxes:
$ -	$ -	$ -	$ -	Other taxes
-	-	-	-	Intergovernmental
-	-	-	-	Fees and charges for services
21	1,068	187	1,853	Use of money and property
-	-	114	-	Miscellaneous
21	**1,068**	**301**	**1,853**	**Total Revenues**
				Expenditures
				Current:
5,186	-	-	-	General government
-	-	-	-	Public safety
-	-	-	-	Community development
-	-	510	-	Community and cultural
-	-	-	-	Public works
-	-	-	-	Capital outlay
-				Debt service:
53,676	-	-	-	Principal retirement
1,009,869	-	-	-	Interest and fiscal charges
1,068,731	**-**	**510**	**-**	**Total Expenditures**
(1,068,710)	**1,068**	**(209)**	**1,853**	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
				Other Financing Sources (Uses)
1,066,000	-	-	-	Transfers in
-	-	-	-	Transfers out
-	-	-	-	Contributions from Successor Agency
1,066,000	**-**	**-**	**-**	**Total other financing sources (uses)**
(2,710)	1,068	(209)	1,853	Net Change in Fund Balances
				Fund Balances
6,021,837	62,214	11,368	107,851	Beginning of year
$ 6,019,127	**$ 63,282**	**$ 11,159**	**$ 109,704**	**End of year**

City of Moreno Valley, California

**Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2016**

	Permanent Funds		
	NPDES Endowment	**Cultural Preservation**	**Total Nonmajor Governmental Funds**
Revenues			
Taxes:			
Other taxes	$ -	$ -	$ 141,617
Intergovernmental	-	-	24,507,923
Fees and charges for services	-	-	1,721,013
Use of money and property	556	2,040	109,022
Miscellaneous	-	-	1,072,587
Total Revenues	**556**	**2,040**	**27,552,163**
Expenditures			
Current:			
General government	-	-	769,229
Public safety	-	-	738,079
Community development	-	-	1,380,143
Community and cultural	-	-	7,386,797
Public works	-	-	7,636,486
Capital outlay	-	-	15,863,252
Debt service:			-
Principal retirement	-	-	3,092,176
Interest and fiscal charges	-	-	2,950,685
Total Expenditures	**-**	**-**	**39,816,847**
Excess (Deficiency) of Revenues Over (Under) Expenditures	**556**	**2,040**	**(12,264,684)**
Other Financing Sources (Uses)			
Transfers in	-	-	6,157,296
Transfers out	(223)	-	(2,484,141)
Contributions from Successor Agency	-	-	1,620,000
Total other financing sources (uses)	**(223)**	**-**	**5,293,155**
Net Change in Fund Balances	333	2,040	(6,971,529)
Fund Balances			
Beginning of year	32,457	118,707	43,468,296
End of year	**$ 32,790**	**$ 120,747**	**$ 36,496,767**

City of Moreno Valley, California

Budgetary Comparison Schedule
State Gasoline Tax
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$4,292,910	$4,292,910	$4,319,726	$ 26,816
Use of money and property	1,000	1,000	-	(1,000)
Fees and charges for services	-	-	5,505	5,505
Miscellaneous	1,000	1,000	4,669	3,669
Total Revenues	**4,294,910**	**4,294,910**	**4,329,901**	**34,991**
Expenditures:				
Current:				
Public works	4,086,467	4,386,821	4,208,561	178,260
Capital outlay	-	-	36,450	(36,450)
Total Expenditures	**4,086,467**	**4,386,821**	**4,245,011**	**141,810**
Excess (Deficiency) of Revenues Over (Under) Expenditures	208,443	(91,911)	84,890	176,801
Other Financing Sources (Uses):				
Transfers in	160,000	160,000	160,000	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	**110,000**	**110,000**	**110,000**	**-**
Net Change in Fund Balances	318,443	18,089	194,890	176,801
Fund Balance, Beginning of year	(194,890)	(194,890)	(194,890)	-
Fund Balance, End of year	**$ 123,553**	**$ (176,801)**	**$ -**	**$ 176,801**

City of Moreno Valley, California

Budgetary Comparison Schedule
Article 3 Transportation
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 250,000	$ 315,000	$ 32,821	$ (282,179)
Total Revenues	**250,000**	**315,000**	**32,821**	**(282,179)**
Expenditures:				
Capital outlay	-	315,000	32,821	282,179
Total Expenditures	**-**	**315,000**	**32,821**	**282,179**
Excess (Deficiency) of Revenues Over (Under) Expenditures	250,000	-	-	-
Net Change in Fund Balances	250,000	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ 250,000**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Measure A
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 3,694,000	$ 8,995,899	$ 5,051,521	$ (3,944,378)
Use of money and property	105,000	105,000	80,681	(24,319)
Fees and charges for services	-	-	9,220	9,220
Miscellaneous	11,500	11,500	35,710	24,210
Total Revenues	**3,810,500**	**9,112,399**	**5,177,132**	**(3,935,267)**
Expenditures:				
Current:				
Public works	2,116,356	1,843,418	1,581,072	262,346
Capital outlay	1,582,000	9,308,509	2,177,126	7,131,383
Total Expenditures	**3,708,956**	**11,151,927**	**3,758,198**	**7,393,729**
Excess (Deficiency) of Revenues Over (Under) Expenditures	101,544	(2,039,528)	1,418,934	3,458,462
Other Financing Sources (Uses):				
Transfers in	-	86,414	-	(86,414)
Transfers out	(2,083,000)	(2,083,000)	(2,090,303)	(7,303)
Total Other Financing Sources (Uses)	**(2,083,000)**	**(1,996,586)**	**(2,090,303)**	**(93,717)**
Net Change in Fund Balances	(1,981,456)	(4,036,114)	(671,369)	3,364,745
Fund Balance, Beginning of year	8,387,735	8,387,735	8,387,735	-
Fund Balance, End of year	**$ 6,406,279**	**$4,351,621**	**$7,716,366**	**$ 3,364,745**

City of Moreno Valley, California

Budgetary Comparison Schedule
Law Enforcement Grants
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 325,000	$ 483,994	$ 449,813	$ (34,181)
Total Revenues	**325,000**	**483,994**	**449,813**	**(34,181)**
Expenditures:				
Current:				
Public safety	325,000	483,994	449,813	34,181
Total Expenditures	**325,000**	**483,994**	**449,813**	**34,181**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Other Grants
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 526,324	$ 1,510,520	$ 526,270	$ (984,250)
Total Revenues	**526,324**	**1,510,520**	**526,270**	**(984,250)**
Expenditures:				
Current:				
General government	-	19,942	16,779	3,163
Public safety	275,700	305,009	162,405	142,604
Community development	195,624	486,794	132,601	354,193
Community and cultural	-	643,775	8,175	635,600
Public works	55,000	55,000	38,382	16,618
Capital outlay	-	-	167,928	(167,928)
Total Expenditures	**526,324**	**1,510,520**	**526,270**	**984,250**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Public Education Government Access
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Miscellaneous	$ 565,000	$ 565,000	$ 598,352	$ 33,352
Total Revenues	**565,000**	**565,000**	**598,352**	**33,352**
Expenditures:				
Current:				
General government	652,840	666,340	657,976	8,364
Capital outlay	-	-	5,820	(5,820)
Total Expenditures	**652,840**	**666,340**	**663,796**	**2,544**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(87,840)	(101,340)	(65,444)	35,896
Net Change in Fund Balances	(87,840)	(101,340)	(65,444)	35,896
Fund Balance, Beginning of year	1,611,127	1,611,127	1,611,127	-
Fund Balance, End of year	**$1,523,287**	**$1,509,787**	**$1,545,683**	**$ 35,896**

City of Moreno Valley, California

Budgetary Comparison Schedule
Air Quality Management
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 220,000	$ 220,000	$ 250,806	$ 30,806
Fees and charges for services	-	-	23,597	23,597
Use of money and property	7,000	7,000	622	(6,378)
Total Revenues	**227,000**	**227,000**	**275,025**	**48,025**
Expenditures:				
Current:				
Public works	202,372	202,372	198,125	4,247
Capital outlay	30,000	94,069	77,589	16,480
Total Expenditures	**232,372**	**296,441**	**275,714**	**20,727**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,372)	(69,441)	(689)	68,752
Net Change in Fund Balances	(5,372)	(69,441)	(689)	68,752
Fund Balance, Beginning of year	147,613	147,613	147,613	-
Fund Balance, End of year	**$ 142,241**	**$ 78,172**	**$ 146,924**	**$ 68,752**

City of Moreno Valley, California

Budgetary Comparison Schedule
Community Development Block Grant
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	$ 2,280,484	$ 3,558,619	$ 2,539,555	$ (1,019,064)
Total Revenues	**2,280,484**	**3,558,619**	**2,539,555**	**(1,019,064)**
Expenditures:				
Current:				
Public safety	-	125,000	124,666	334
Community development	1,438,465	1,189,895	744,053	445,842
Capital outlay	840,000	2,243,724	1,670,836	572,888
Total Expenditures	**2,278,465**	**3,558,619**	**2,539,555**	**1,019,064**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,019	-	-	-
Net Change in Fund Balances	2,019	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ 2,019**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison
Special Districts Administration
Year Ended June 30, 2016

	Budget Amounts		Actual	Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 679,449	$ 682,121	$ 705,915	$ 23,794
Use of money and property	(1,000)	(1,000)	10,484	11,484
Total Revenues	**678,449**	**681,121**	**716,399**	**35,278**
Expenditures:				
Current:				
Public works	850,949	836,749	577,346	259,403
Total Expenditures	**850,949**	**836,749**	**577,346**	**259,403**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(172,500)	(155,628)	139,053	294,681
Net Change in Fund Balances	(172,500)	(155,628)	139,053	294,681
Fund Balance, Beginning of year	1,050,341	1,050,341	1,050,341	-
Fund Balance, End of year	**$ 877,841**	**$ 894,713**	**$1,189,394**	**$ 294,681**

City of Moreno Valley, California

Budgetary Comparison Schedule
Storm Water Management
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 714,940	$ 714,940	$ 615,888	$ (99,052)
Total Revenues	**714,940**	**714,940**	**615,888**	**(99,052)**
Expenditures:				
Current:				
Public works	641,132	641,132	447,402	193,730
Total Expenditures	**641,132**	**641,132**	**447,402**	**193,730**
Excess (Deficiency) of Revenues Over (Under) Expenditures	73,808	73,808	168,486	94,678
Other Financing Sources (Uses):				
Transfers in	223	223	223	-
Total Other Financing Sources (Uses)	**223**	**223**	**223**	**-**
Net Change in Fund Balances	74,031	74,031	168,709	94,678
Fund Balance, Beginning of year	538,908	538,908	538,908	-
Fund Balance, End of year	**$ 612,939**	**$ 612,939**	**$ 707,617**	**$ 94,678**

City of Moreno Valley, California

Budgetary Comparison Schedule
HOME
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 516,846	$ 1,816,846	$ 142,590	$ (1,674,256)
Total Revenues	**516,846**	**1,816,846**	**142,590**	**(1,674,256)**
Expenditures:				
Current:				
Community development	516,846	1,816,846	457,149	1,359,697
Total Expenditures	**516,846**	**1,816,846**	**457,149**	**1,359,697**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(314,559)	(314,559)
Net Change in Fund Balances	-	-	(314,559)	(314,559)
Fund Balance, Beginning of year	6,213,819	6,213,819	6,213,819	-
Fund Balance, End of year	**$6,213,819**	**$6,213,819**	**$ 5,899,260**	**$ (314,559)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Child Care Grant
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 627,054	$ 665,386	$ 626,967	$ (38,419)
Charges for services	20,000	20,000	14,572	(5,428)
Miscellaneous	-	-	729	729
Total Revenues	**647,054**	**685,386**	**642,268**	**(43,118)**
Expenditures:				
Current:				
Community and cultural	647,054	685,386	642,268	43,118
Total Expenditures	**647,054**	**685,386**	**642,268**	**43,118**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Used Oil Recycling
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 52,583	$ 51,525	$ 51,803	$ 278
Total Revenues	**52,583**	**51,525**	**51,803**	**278**
Expenditures:				
Current:				
Public works	52,583	51,525	51,803	(278)
Total Expenditures	**52,583**	**51,525**	**51,803**	**(278)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Storm Water Maintenance
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 390,000	$ 390,000	$ 299,542	$ (90,458)
Total Revenues	**390,000**	**390,000**	**299,542**	**(90,458)**
Expenditures:				
Current:				
Public works	396,764	396,764	305,340	91,424
Total Expenditures	**396,764**	**396,764**	**305,340**	**91,424**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,764)	(6,764)	(5,798)	966
Other Financing Sources (Uses):				
Transfers in	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	**50,000**	**50,000**	**50,000**	**-**
Net Change in Fund Balances	43,236	43,236	44,202	966
Fund Balance, Beginning of year	35,404	35,404	35,404	-
Fund Balance, End of year	**$ 78,640**	**$ 78,640**	**$ 79,606**	**$ 966**

City of Moreno Valley, California

Budgetary Comparison Schedule
ASES Program Grants
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 6,773,200	$ 6,734,556	$ 6,734,556	$ -
Use of money and property	5,000	5,000	-	(5,000)
Miscellaneous	-	-	21,131	21,131
Total Revenues	**6,778,200**	**6,739,556**	**6,755,687**	**16,131**
Expenditures:				
Current:				
Community and cultural	6,778,200	6,733,300	6,735,844	(2,544)
Total Expenditures	**6,778,200**	**6,733,300**	**6,735,844**	**(2,544)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6,256	19,843	13,587
Net Change in Fund Balances	-	6,256	19,843	13,587
Fund Balance, Beginning of year	15,630	15,630	15,630	-
Fund Balance, End of year	**$ 15,630**	**$ 21,886**	**$ 35,473**	**$ 13,587**

City of Moreno Valley, California

Budgetary Comparison Schedule
CFD No. 2014-01
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Other taxes	$ 40,000	$ 27,500	$ 27,547	$ 47
Fees and charges for services	1,000	1,000	11,560	10,560
Use of money and property	100	100	528	428
Total Revenues	**41,100**	**28,600**	**39,635**	**11,035**
Expenditures:				
Current:				
Public works	14,811	14,911	6,860	8,051
Total Expenditures	**14,811**	**14,911**	**6,860**	**8,051**
Excess (Deficiency) of Revenues Over (Under) Expenditures	26,289	13,689	32,775	19,086
Net Change in Fund Balances	26,289	13,689	32,775	19,086
Fund Balance, Beginning of year	38,192	38,192	38,192	-
Fund Balance, End of year	**$ 64,481**	**$ 51,881**	**$70,967**	**$ 19,086**

City of Moreno Valley, California

Budgetary Comparison Schedule
CFD No. 4-M
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Fees and charges for services	$ 41,400	$ 41,400	$ 33,978	$ (7,422)
Use of money and property	81	81	1,285	1,204
Total Revenues	**41,481**	**41,481**	**35,263**	**(6,218)**
Expenditures:				
Current:				
Public works	33,815	33,815	28,063	5,752
Total Expenditures	**33,815**	**33,815**	**28,063**	**5,752**
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,666	7,666	7,200	(466)
Net Change in Fund Balances	7,666	7,666	7,200	(466)
Fund Balance, Beginning of year	74,065	74,065	74,065	-
Fund Balance, End of year	**$ 81,731**	**$ 81,731**	**$ 81,265**	**$ (466)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Civil Penalties
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Use of money and property	$ 4,000	$ 4,000	$ -	$ (4,000)
Miscellaneous	60,000	60,000	11,008	(48,992)
Total Revenues	**64,000**	**64,000**	**11,008**	**(52,992)**
Expenditures:				
Current:				
General government	103,324	103,324	86,616	16,708
Total Expenditures	**103,324**	**103,324**	**86,616**	**16,708**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,324)	(39,324)	(75,608)	(36,284)
Net Change in Fund Balances	(39,324)	(39,324)	(75,608)	(36,284)
Fund Balance, Beginning of year	197,183	197,183	197,183	-
Fund Balance, End of year	**$ 157,859**	**$ 157,859**	**$121,575**	**$ (36,284)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Emergency Services Agency Fines
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovermental	$ 40,000	$ 40,000	$ 82,253	$ 42,253
Use of money and property	4,000	4,000	6,743	2,743
Total Revenues	**44,000**	**44,000**	**88,996**	**44,996**
Expenditures:				
Current:				
Public safety	44,000	44,000	1,195	42,805
Total Expenditures	**44,000**	**44,000**	**1,195**	**42,805**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	87,801	87,801
Net Change in Fund Balances	-	-	87,801	87,801
Fund Balance, Beginning of year	385,481	385,481	385,481	-
Fund Balance, End of year	**$ 385,481**	**$ 385,481**	**$ 473,282**	**$ 87,801**

City of Moreno Valley, California

Budgetary Comparison Schedule
Energy Efficiency Revolving
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Miscellaneous	$ -	$ 21,400	$ 21,986	$ 586
Total Revenues	**-**	**21,400**	**21,986**	**586**
Excess (Deficiency) of Revenues Over (Under) Expenditures, California	-	21,400	**21,986**	**586**
Net Change in Fund Balances	-	21,400	21,986	586
Fund Balance, Beginning of year	101,963	101,963	101,963	-
Fund Balance, End of year	**$ 101,963**	**$ 123,363**	**$ 123,949**	**$ 586**

City of Moreno Valley, California

Budgetary Comparison Schedule
Grants Capital Projects
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 5,747,840	$ 18,675,302	$ 1,142,200	$ (17,533,102)
Total Revenues	**5,747,840**	**18,675,302**	**1,142,200**	**(17,533,102)**
Expenditures:				
Current:				
Community development	-	53,000	46,340	6,660
Capital outlay	-	13,666,424	1,358,586	12,307,838
Total Expenditures	**-**	**13,719,424**	**1,404,926**	**12,314,498**
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,747,840	4,955,878	(262,726)	(5,218,604)
Net Change in Fund Balances	5,747,840	4,955,878	(262,726)	(5,218,604)
Fund Balance, Beginning of year	1,062,143	1,062,143	1,062,143	-
Fund Balance, End of year	**$ 6,809,983**	**$ 6,018,021**	**$ 799,417**	**$ (5,218,604)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Public Works Capital Projects
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ 3,453,420	$ 5,382,970	$ 994,626	$ (4,388,344)
Fees anc charges for services	-	-	1,236	1,236
Miscellaneous	-	-	347,672	347,672
Total Revenues	**3,453,420**	**5,382,970**	**1,343,534**	**(4,039,436)**
Expenditures:				
Capital outlay	472,754	5,072,422	1,188,303	3,884,119
Total Expenditures	**472,754**	**5,072,422**	**1,188,303**	**3,884,119**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,980,666	310,548	155,231	(155,317)
Other Financing Sources (Uses):				
Transfers in	-	11,001	11,001	-
Total Other Financing Sources (Uses)	-	**11,001**	**11,001**	-
Net Change in Fund Balances	2,980,666	321,549	166,232	(155,317)
Fund Balance, Beginning of year	999,960	999,960	999,960	-
Fund Balance, End of year	**$3,980,626**	**$1,321,509**	**$1,166,192**	**$ (155,317)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Fire Services Capital Projects
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
Capital outlay	$ -	$ 100,642	$ 98,242	2,400
Total Expenditures	**-**	**100,642**	**98,242**	**2,400**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(100,642)	(98,242)	2,400
Other Financing Sources (Uses):				
Transfers in	-	176,500	176,500	-
Total Other Financing Sources (Uses)	**-**	**176,500**	**176,500**	**-**
Net Change in Fund Balances	-	75,858	78,258	2,400
Fund Balance, Beginning of year	(15,374)	(15,374)	(15,374)	-
Fund Balance, End of year	**$ (15,374)**	**$ 60,484**	**$ 62,884**	**$ 2,400**

City of Moreno Valley, California

Budgetary Comparison Schedule
Towngate Capital / Administration
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:				
Current:				
Public works	$ 180,500	$ 180,500	$ 177,430	$ 3,070
Total Expenditures	**180,500**	**180,500**	**177,430**	**3,070**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(180,500)	(180,500)	(177,430)	3,070
Other Financing Sources (Uses):				
Transfers in	180,500	180,500	177,430	(3,070)
Total Other Financing Sources (Uses)	**180,500**	**180,500**	**177,430**	**(3,070)**
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Warner Ranch Capital Development
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
General government	$ -	$ 2,672	$ 2,672	-
Total Expenditures	**-**	**2,672**	**2,672**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(2,672)	(2,672)	-
Other Financing Sources (Uses):				
Transfers out	-	(11,001)	(11,001)	-
Total Other Financing Sources (Uses)	-	**(11,001)**	**(11,001)**	-
Net Change in Fund Balances	-	(13,673)	(13,673)	-
Fund Balance, Beginning of year	13,673	13,673	13,673	-
Fund Balance, End of year	**$ 13,673**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
Parks and Community Services Capital Projects
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:				
Capital outlay	$ 1,035,000	$ 2,582,031	$ 660,907	$ 1,921,124
Total Expenditures	**1,035,000**	**2,582,031**	**660,907**	**1,921,124**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,035,000)	(2,582,031)	(660,907)	1,921,124
Other Financing Sources (Uses):				
Transfers in	1,035,000	1,035,000	1,035,000	-
Transfers out	(268,760)	(268,760)	(155,184)	113,576
Total Other Financing Sources (Uses)	**766,240**	**766,240**	**879,816**	**113,576**
Net Change in Fund Balances	(268,760)	(1,815,791)	218,909	2,034,700
Fund Balance, Beginning of year	4,197,290	4,197,290	4,197,290	-
Fund Balance, End of year	**$3,928,530**	**$ 2,381,499**	**$ 4,416,199**	**$ 2,034,700**

City of Moreno Valley, California

Budgetary Comparison Schedule
TUMF Capital Projects
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Revenues:				
Intergovernmental	$ 2,650,000	$ 2,650,000	$ 1,530,577	$ (1,119,423)
Total Revenues	**2,650,000**	**2,650,000**	**1,530,577**	**(1,119,423)**
Expenditures:				
Capital outlay	300,000	1,864,667	1,415,343	449,324
Total Expenditures	**300,000**	**1,864,667**	**1,415,343**	**449,324**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,350,000	785,333	115,234	(670,099)
Fund Balance, Beginning of year	(237,364)	(237,364)	(237,364)	-
Fund Balance, End of year	**$2,112,636**	**$ 547,969**	**$ (122,130)**	**$ (670,099)**

City of Moreno Valley, California

Budgetary Comparison Schedule
DIF Capital Projects
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Intergovernmental	$ -	$ -	$ 31,839	$ 31,839
Miscellaneous	500	500	24,711	24,211
Total Revenues	**500**	**500**	**56,550**	**56,050**
Expenditures:				
Capital outlay	120,000	1,491,422	498,142	993,280
Total Expenditures	**120,000**	**1,491,422**	**498,142**	**993,280**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(119,500)	(1,490,922)	(441,592)	1,049,330
Other Financing Sources (Uses):				
Transfers in	120,000	120,000	2,145	(117,855)
Total Other Financing Sources (Uses)	**120,000**	**120,000**	**2,145**	**(117,855)**
Net Change in Fund Balances	500	(1,370,922)	(439,447)	931,475
Fund Balance, Beginning of year	1,491,208	1,491,208	1,491,208	-
Fund Balance, End of year	**$1,491,708**	**$ 120,286**	**$1,051,761**	**$ 931,475**

City of Moreno Valley, California

Budgetary Comparison Schedule
TRIP Capital Projects
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 2,042	$ 2,042
Miscellaneous	-	-	6,505	6,505
Total Revenues	**-**	**-**	**8,547**	**8,547**
Expenditures:				
Capital outlay	14,870	7,183,614	6,475,159	708,455
Total Expenditures	**14,870**	**7,183,614**	**6,475,159**	**708,455**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,870)	(7,183,614)	(6,466,612)	717,002
Net Change in Fund Balances	(14,870)	(7,183,614)	(6,466,612)	717,002
Fund Balance, Beginning of year	7,184,492	7,184,492	7,184,492	-
Fund Balance, End of year	**$7,169,622**	**$ 878**	**$ 717,880**	**$ 717,002**

City of Moreno Valley, California

Budgetary Comparison Schedule
2007 Towngate Improvement Refunding
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Other taxes	$ 114,500	$ 114,500	$ 114,070	$ (430)
Use of money and property	100	100	178	78
Contributions from Successor Agency	280,000	280,000	280,000	-
Total Revenues	**394,600**	**394,600**	**394,248**	**(352)**
Expenditures:				
Debt service:				
Principal retirement	240,000	240,000	240,000	-
Interest and fiscal charges	115,800	115,800	115,739	61
Total Expenditures	**355,800**	**355,800**	**355,739**	**61**
Excess (Deficiency) of Revenues Over (Under) Expenditures	38,800	38,800	38,509	(291)
Other Financing Sources (Uses):				
Transfers out	(33,900)	(33,900)	(31,366)	2,534
Total Other Financing Sources (Uses)	**(33,900)**	**(33,900)**	**(31,366)**	**2,534**
Net Change in Fund Balances	4,900	4,900	7,143	2,243
Fund Balance, Beginning of year	853,158	853,158	853,158	-
Fund Balance, End of year	**$ 858,058**	**$ 858,058**	**860,301**	**$ 2,243**

City of Moreno Valley, California

Budgetary Comparison Schedule
2007 Towngate Refunding
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Use of money and property	$ 300	$ 300	$ 677	$ 377
Contributions from Successor Agency	1,190,000	1,190,000	1,190,000	-
Total Revenues	**1,190,300**	**1,190,300**	**1,190,677**	**377**
Expenditures:				
Debt service:				
Principal retirement	760,000	760,000	760,000	-
Interest and fiscal charges	253,400	253,400	253,381	19
Total Expenditures	**1,013,400**	**1,013,400**	**1,013,381**	**19**
Excess (Deficiency) of Revenues Over (Under) Expenditures	176,900	176,900	177,296	396
Other Financing Sources (Uses):				
Transfers out	(146,600)	(146,600)	(146,064)	536
Total Other Financing Sources (Uses)	**(146,600)**	**(146,600)**	**(146,064)**	**536**
Net Change in Fund Balances	30,300	30,300	31,232	932
Fund Balance, Beginning of year	2,820,883	2,820,883	2,820,883	-
Fund Balance, End of year	**$ 2,851,183**	**$ 2,851,183**	**2,852,115**	**$ 932**

City of Moreno Valley, California

Budgetary Comparison Schedule
2011 Private Placement Refunding 97 Lease Revenue Bonds
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Expenditures:				
Debt service:				
Principal retirement	$ 252,000	$ 252,000	$ 252,000	-
Interest and fiscal charges	88,000	88,000	87,082	918
Total Expenditures	**340,000**	**340,000**	**339,082**	**918**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(340,000)	(340,000)	(339,082)	918
Other Financing Sources (Uses):				
Transfers in	190,000	190,000	189,082	(918)
Contributions from Successor Agency	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	**340,000**	**340,000**	**339,082**	**(918)**
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
2011 Private Placement Refunding 97 COPs
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Expenditures:				
Debt service:				
Principal retirement	$ 754,000	$ 754,000	$ 753,500	$ 500
Interest and fiscal charges	34,000	34,000	33,660	340
Total Expenditures	**788,000**	**788,000**	**787,160**	**840**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(788,000)	(788,000)	(787,160)	840
Other Financing Sources (Uses):				
Transfers in	788,000	788,000	787,160	(840)
Total Other Financing Sources (Uses)	**788,000**	**788,000**	**787,160**	**(840)**
Net Change in Fund Balances	-	-	-	-
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Budgetary Comparison Schedule
TRIP COP 13A Debt Service
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 42	$ (42)
Total Revenues	-	-	**42**	**(42)**
Expenditures:				
Current:				
Public works	7,000	7,000	12,254	(5,254)
Debt service:				
Interest and fiscal charges	992,000	992,000	991,313	687
Total Expenditures	**999,000**	**999,000**	**1,003,567**	**(4,567)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(999,000)	(999,000)	(1,003,525)	(4,525)
Other Financing Sources (Uses):				
Transfers in	999,000	999,000	1,006,303	7,303
Total Other Financing Sources (Uses)	**999,000**	**999,000**	**1,006,303**	**7,303**
Net Change in Fund Balances	-	-	2,778	2,778
Fund Balance, Beginning of year	-	-	-	-
Fund Balance, End of year	$ -	$ -	**$ 2,778**	**$ 2,778**

City of Moreno Valley, California

Budgetary Comparison Schedule
2013 Refunding 2005 Lease Revenue Bonds
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 15	$ (15)
Total Revenues	**-**	**-**	**15**	**(15)**
Expenditures:				
Public works	3,300	3,300	3,848	$ (548)
Debt service:				
Principal retirement	1,033,000	1,033,000	1,033,000	-
Interest and fiscal charges	460,000	460,000	459,641	359
Total Expenditures	**1,496,300**	**1,496,300**	**1,496,489**	**(189)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,496,300)	(1,496,300)	(1,496,474)	(174)
Other Financing Sources (Uses):				
Transfers in	1,497,000	1,497,000	1,496,452	(548)
Total Other Financing Sources (Uses)	**1,497,000**	**1,497,000**	**1,496,452**	**(548)**
Net Change in Fund Balances	700	700	(22)	(722)
Fund Balance, Beginning of year	31	31	31	-
Fund Balance, End of year	**$ 731**	**$ 731**	**$ 9**	**$ (722)**

City of Moreno Valley, California

Budgetary Comparison Schedule
2014 Refunding 2005 Lease Revenue Bonds
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 21	$ 21
Total Revenues	-	-	21	21
Expenditures:				
Current:				
General government	3,300	3,300	5,186	(1,886)
Debt service:				
Principal retirement	54,000	54,000	53,676	324
Interest and fiscal charges	1,007,000	1,007,000	1,009,869	(2,869)
Total Expenditures	**1,064,300**	**1,064,300**	**1,068,731**	**(2,545)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,064,300)	(1,064,300)	(1,068,710)	(4,410)
Other Financing Sources (Uses):				
Transfers in	1,066,000	1,066,000	1,066,000	-
Total Other Financing Sources (Uses)	**1,066,000**	**1,066,000**	**1,066,000**	**-**
Net Change in Fund Balances	1,700	1,700	(2,710)	(4,410)
Fund Balance, Beginning of year	6,021,837	6,021,837	6,021,837	-
Fund Balance, End of year	**$6,023,537**	**$6,023,537**	**$6,019,127**	**$ (4,410)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Celebration Park Endowment
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 1,000	$ 1,000	$ 1,068	$ 68
Total Revenues	**1,000**	**1,000**	**1,068**	**68**
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	1,068	68
Net Change in Fund Balances	1,000	1,000	1,068	68
Fund Balance, Beginning of year	62,214	62,214	62,214	-
Fund Balance, End of year	**$63,214**	**$63,214**	**$63,282**	**$ 68**

City of Moreno Valley, California

Budgetary Comparison Schedule
Equestrian Trail Endowment
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 200	$ 200	$ 187	$ (13)
Miscellaneous revenue	-	-	114	114
Total Revenues	**200**	**200**	**301**	**(13)**
Expenditures:				
Current:				
Community and cultural	200	200	510	(310)
Total Expenditures	**200**	**200**	**510**	**(310)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(209)	(209)
Net Change in Fund Balances	-	-	(209)	(209)
Fund Balance, Beginning of year	11,368	11,368	11,368	-
Fund Balance, End of year	**$ 11,368**	**$ 11,368**	**$ 11,159**	**$ (209)**

City of Moreno Valley, California

Budgetary Comparison Schedule
Rockridge Park Endowment
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ 2,000	$ 2,000	$ 1,853	$ (147)
Total Revenues	**2,000**	**2,000**	**1,853**	**(147)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,000	2,000	1,853	(147)
Net Change in Fund Balances	2,000	2,000	1,853	(147)
Fund Balance, Beginning of year	107,851	107,851	107,851	-
Fund Balance, End of year	**$ 109,851**	**$ 109,851**	**$109,704**	**$ (147)**

City of Moreno Valley, California

Budgetary Comparison Schedule
NPDES Endowment
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 556	$ 556
Total Revenues	-	-	**556**	**556**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	556	556
Other Financing Sources (Uses):				
Transfers out	(223)	(223)	(223)	-
Total Other Financing Sources (Uses)	**(223)**	**(223)**	**(223)**	**-**
Net Change in Fund Balances	(223)	(223)	333	556
Fund Balance, Beginning of year	32,457	32,457	32,457	-
Fund Balance, End of year	**$ 32,234**	**$ 32,234**	**$ 32,790**	**$ 556**

City of Moreno Valley, California

Budgetary Comparison Schedule
Cultural Preservation
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Use of money and property	$ -	$ -	$ 2,040	$ 2,040
Total Revenues	-	-	**2,040**	**2,040**
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	2,040	2,040
Net Change in Fund Balances	-	-	2,040	2,040
Fund Balance, Beginning of year	118,707	118,707	118,707	-
Fund Balance, End of year	**$ 118,707**	**$ 118,707**	**$ 120,747**	**$ 2,040**

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.

Worker's 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 Service 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 / Fleet Operations Fund

This fund is used to account for the maintenance and replacement costs of the City's inventory of vehicles and equipment. This fund receives cash through annual lease fees to benefiting departments.

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.

Compensated Absences Fund

This fund is used to account for the accumulation of cash reserves to provide for payment of future unfunded liabilities to employees attributable to services already rendered.

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Assets:				
Current:				
Pooled cash and investments	$ 2,071,317	$ 3,541,883	$ 9,201,409	$ 5,571,812
Receivables:				
Accounts	-	-	-	111
Prepaid costs	-	-	-	1,696
Inventories	-	-	-	23,787
Total Current Assets	**2,071,317**	**3,541,883**	**9,201,409**	**5,597,406**
Noncurrent:				
Capital assets - net of accumulated depreciation	-	-	2,652,284	10,063,542
Total Noncurrent Assets	**-**	**-**	**2,652,284**	**10,063,542**
Total Assets	**2,071,317**	**3,541,883**	**11,853,693**	**15,660,948**
Liabilities:				
Current:				
Accounts payable	26,720	-	92,156	128,373
Compensated absences	21,783	2,623	-	119,734
Self-insurance payable	314,900	422,000	-	-
Total Current Liabilities	**363,403**	**424,623**	**92,156**	**248,107**
Noncurrent:				
Compensated absences	14,522	1,749	-	79,823
Self-insurance payable	292,760	931,000	-	-
Total Noncurrent Liabilities	**307,282**	**932,749**	**-**	**79,823**
Total Liabilities	**670,685**	**1,357,372**	**92,156**	**327,930**
Net Position:				
Investment in capital assets	-	-	2,652,284	10,063,542
Unrestricted	1,400,632	2,184,511	9,109,253	5,269,476
Total Net Position	**$ 1,400,632**	**$ 2,184,511**	**$ 11,761,537**	**$ 15,333,018**

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2016

Equipment Maintenance	Equipment Replacement Reserve	Compensated Absences	Total	
				ASSETS
				Current:
$ 7,913,634	$ 13,028,163	$ 1,633,042	$ 42,961,260	Pooled cash and investments
				Receivables:
-	-	-	111	Accounts
-	-	-	1,696	Prepaid costs
6,957	-	-	30,744	Inventories
7,920,591	**13,028,163**	**1,633,042**	**42,993,811**	**Total Current Assets**
				Noncurrent:
126,902	-	-	12,842,728	Capital assets - net of accumulated depreciation
126,902	**-**	**-**	**12,842,728**	**Total Noncurrent Assets**
8,047,493	**13,028,163**	**1,633,042**	**55,836,539**	**Total Assets**
				Liabilities:
				Current:
67,018	-	-	314,267	Accounts payable
22,820	-	-	166,960	Compensated absences
-	-	-	736,900	Self-insurance payable
89,838	**-**	**-**	**1,218,127**	**Total Current Liabilities**
				Noncurrent:
15,213	-	-	111,307	Compensated absences
-	-	-	1,223,760	Self-insurance payable
15,213	**-**	**-**	**1,335,067**	**Total Noncurrent Liabilities**
105,051	**-**	**-**	**2,553,194**	**Total Liabilities**
				Net Position:
126,902	-	-	12,842,728	Investment in capital assets
7,815,540	13,028,163	1,633,042	40,440,617	Unrestricted
$ 7,942,442	**$ 13,028,163**	**$ 1,633,042**	**$ 53,283,345**	**Total Net Position**

City of Moreno Valley, California

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2016

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Operating Revenues:				
Sales and service charges	$ 1,087,090	$ 486,739	$ -	$ 4,337,152
Miscellaneous	-	294,492	69,250	1,590
Total Operating Revenues	**1,087,090**	**781,231**	**69,250**	**4,338,742**
Operating Expenses:				
Cost of services	228,524	112,346	244,310	3,961,603
Depreciation expense	-	-	792,309	357,195
Self-insurance claims and charges	294,083	555,605	-	-
Total Operating Expenses	**522,607**	**667,951**	**1,036,619**	**4,318,798**
Operating Income (Loss)	564,483	113,280	(967,369)	19,944
Nonoperating Revenues (Expenses):				
Gain (loss) on disposal of capital assets	-	-	(24,608)	(13,054)
Total Nonoperating Revenues (Expenses)	**-**	**-**	**(24,608)**	**(13,054)**
Income (Loss) Before Transfers and Contributions	564,483	113,280	(991,977)	6,890
Transfers in	600,000	-	823,000	-
Transfers out	-	(600,000)	-	(787,160)
Changes in net position	1,164,483	(486,720)	(168,977)	(780,270)
Net Position:				
Beginning of year	236,149	2,671,231	11,930,514	16,113,288
End of year	**$ 1,400,632**	**$ 2,184,511**	**$ 11,761,537**	**$ 15,333,018**

City of Moreno Valley, California

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
Year Ended June 30, 2016

Equipment Maintenance	Equipment Replacement Reserve	Compensated Absences	Total	
				Operating Revenues:
$ 2,061,386	$ 580,866	$ -	$ 8,553,233	Sales and service charges
8,885	608	-	374,825	Miscellaneous
2,070,271	**581,474**	**-**	**8,928,058**	**Total Operating Revenues**
				Operating Expenses:
1,191,311	-	-	5,738,094	Cost of services
5,676	-	-	1,155,180	Depreciation expense
-	-	-	849,688	Self-insurance claims and charges
1,196,987	**-**	**-**	**7,742,962**	**Total Operating Expenses**
873,284	581,474	-	1,185,096	Operating Income (Loss)
				Nonoperating Revenues (Expenses):
-	27,405	-	(10,257)	Gain (loss) on disposal of capital assets
-	**27,405**	**-**	**(10,257)**	**Total Nonoperating Revenues (Expenses)**
873,284	608,879	-	1,174,839	Income (Loss) Before Transfers and Contributions
7,265,977	-	-	8,688,977	Transfers in
(274,807)	(7,657,857)	-	(9,319,824)	Transfers out
7,864,454	(7,048,978)	-	543,992	Changes in net position
				Net Position:
77,988	20,077,141	1,633,042	52,739,353	Beginning of year
$ 7,942,442	**$ 13,028,163**	**$ 1,633,042**	**$ 53,283,345**	**End of year**

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Cash Flows from Operating Activities:				
Cash received from customers	$ 1,087,090	$ 781,231	$ 69,250	$ 4,338,742
Cash paid to suppliers for goods and services	(78,267)	(60,606)	(3,692)	(3,218,983)
Cash paid for claims	(533,423)	(572,605)	-	-
Cash paid to employees for services	(97,899)	(51,092)	(236,849)	(828,175)
Net Cash Provided (Used) by Operating Activities	**377,501**	**96,928**	**(171,291)**	**291,584**
Cash Flows from Non-Capital Financing Activities:				
Cash transfers in	600,000	-	823,000	-
Cash transfers out	-	(600,000)	-	(787,160)
Net Cash Provided (Used) by Non-capital Financing Activities	**600,000**	**(600,000)**	**823,000**	**(787,160)**
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets	-	-	-	-
Acquisition and construction of capital assets	-	-	(288,258)	(24,730)
Net Cash Provided (Used) by Investing Activities	**-**	**-**	**(288,258)**	**(24,730)**
Net Increase (Decrease) in Cash and Cash Equivalents	**977,501**	**(503,072)**	**363,451**	**(520,306)**
Cash and Cash Equivalents at Beginning of Year	1,093,816	4,044,955	8,837,958	6,092,118
Cash and Cash Equivalents at End of Year	**$ 2,071,317**	**$ 3,541,883**	**$ 9,201,409**	**$ 5,571,812**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 564,483	$ 113,280	$ (967,369)	$ 19,944
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	792,309	357,195
(Increase) decrease in accounts receivable	-	-	-	(11)
(Increase) decrease in prepaid costs	-	-	(10,055)	(1,014)
(Increase) decrease in inventories	-	-	-	(14,267)
Increase (decrease) in accounts payable	23,871	(87)	13,824	(97,888)
Increase (decrease) in self-insurance payable	(239,340)	(17,000)	-	-
Increase (decrease) in compensated absences	28,487	735	-	27,625
Total Adjustments	**(186,982)**	**(16,352)**	**796,078**	**271,640**
Net Cash Provided (Used) by Operating Activities	**$ 377,501**	**$ 96,928**	**$ (171,291)**	**$ 291,584**

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2016

Equipment Maintenance	Equipment Replacement Reserve	Compensated Absences	Total	
				Cash Flows from Operating Activities:
$ 2,070,271	$ 581,474	$ -	$ 8,928,058	Cash received from customers
(692,115)	-	-	(4,053,663)	Cash paid to suppliers for goods and services
-	-	-	(1,106,028)	Cash paid for claims
(442,496)	-	-	(1,656,511)	Cash paid to employees for services
935,660	**581,474**	**-**	**2,111,856**	**Net Cash Provided (Used) by Operating Activities**
				Cash Flows from Non-Capital Financing Activities:
7,265,977	-	-	8,688,977	Cash transfers in
(274,807)	(7,657,857)	-	(9,319,824)	Cash transfers out
6,991,170	**(7,657,857)**	**-**	**(630,847)**	**Net Cash Provided (Used) by Non-capital Financing Activities**
				Cash Flows from Capital and Related Financing Activities:
-	27,405	-	27,405	Proceeds from sale of capital assets
(46,442)	-	-	(359,430)	Acquisition and construction of capital assets
(46,442)	**27,405**	**-**	**(332,025)**	**Net Cash Provided (Used) by Investing Activities**
7,880,388	**(7,048,978)**	**-**	**1,148,984**	**Net Increase (Decrease) in Cash and Cash Equivalents**
33,246	20,077,141	1,633,042	41,812,276	Cash and Cash Equivalents at Beginning of Year
$ 7,913,634	**$ 13,028,163**	**$ 1,633,042**	**$ 42,961,260**	**Cash and Cash Equivalents at End of Year**
				Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities
$ 873,284	$ 581,474	$ -	$ 1,185,096	Operating Income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
5,676	-	-	1,155,180	Depreciation
-	-	-	(11)	(Increase) decrease in accounts receivable
-	-	-	(11,069)	(Increase) decrease in prepaid costs
(4,882)	-	-	(19,149)	(Increase) decrease in inventories
45,880	-	-	(14,400)	Increase (decrease) in accounts payable
-	-	-	(256,340)	Increase (decrease) in self-insurance payable
15,702	-	-	72,549	Increase (decrease) in compensated absences
62,376	**-**	**-**	**926,760**	**Total Adjustments**
$ 935,660	**$ 581,474**	**$ -**	**$ 2,111,856**	**Net Cash Provided (Used) by Operating Activities**

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.

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 Multi-Species Habitat Conservation Plan (MSHCP) fees and their remittance to the Western Riverside County Regional Authority (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, California

Combining Balance Sheet
All Agency Funds
June 30, 2016

	Deposit Liability	Assessment District 87-4	TUMF Trust	MSHCP Trust
Assets:				
Current:				
Pooled cash and investments	$ 4,586,410	966	$ 1,456,045	$ 54,656
Restricted Assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	**$ 4,586,410**	**$ 966**	**$ 1,456,045**	**$ 54,656**
Liabilities:				
Current:				
Accounts payable	73,588	$ -	$ 1,456,045	$ 54,656
Deposits Payable	4,512,822	-	-	-
Payable to trustee	-	966	-	-
Due to City of Moreno Valley	-	-	-	-
Total Liabilities	**$ 4,586,410**	**$ 966**	**$ 1,456,045**	**$ 54,656**

City of Moreno Valley, California

Combining Balance Sheet
All Agency Funds
June 30, 2016

Moreno Valley Foundation Donations	CFD # 5 Stoneridge	Arts Commission	Total	
				Assets:
				Current:
$ 221,650	$ -	$ 2,693	$ 6,322,420	Pooled cash and investments
				Restricted Assets:
-	793,858	-	793,858	Cash with fiscal agents
$ 221,650	**$ 793,858**	**$ 2,693**	**$ 7,116,278**	**Total Assets**
				Liabilities:
				Current:
$ -	$ -	$ -	$ 1,584,289	Accounts payable
-	-	-	4,512,822	Deposits Payable
221,650	789,591	2,693	1,014,900	Payable to trustee
-	4,267	-	4,267	Due to City of Moreno Valley
$ 221,650	**$ 793,858**	**$ 2,693**	**$ 7,116,278**	**Total Liabilities**

City of Moreno Valley, California

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Deposit Liability				
Assets:				
Pooled cash and investments	$ 4,497,684	1,463,861	1,375,135	$ 4,586,410
Total Assets	**$ 4,497,684**	**1,463,861**	**1,375,135**	**$ 4,586,410**
Liabilities:				
Accounts payable	$ 11,971	883,458	821,841	$ 73,588
Deposits payable	4,485,713	1,463,861	1,436,752	4,512,822
Total Liabilities	**$ 4,497,684**	**2,347,319**	**2,258,593**	**$ 4,586,410**
Assessment District 87-4				
Assets:				
Pooled cash and investments	$ 924	42	-	$ 966
Due from other governments	43	-	43	-
Total Assets	**$ 967**	**42**	**43**	**$ 966**
Liabilities:				
Payable to trustee	$ 967	42	43	$ 966
Total Liabilities	**$ 967**	**42**	**43**	**$ 966**
TUMF Trust				
Assets:				
Pooled cash and investments	$ 17,746	3,152,322	1,714,023	$ 1,456,045
Total Assets	**$ 17,746**	**3,152,322**	**1,714,023**	**$ 1,456,045**
Liabilities:				
Accounts payable	$ 17,746	6,147,055	4,708,756	$ 1,456,045
Total Liabilities	**$ 17,746**	**6,147,055**	**4,708,756**	**$ 1,456,045**
MSHCP Trust				
Assets:				
Pooled cash and investments	$ 470,384	436,550	852,278	$ 54,656
Total Assets	**$ 470,384**	**436,550**	**852,278**	**$ 54,656**
Liabilities:				
Accounts payable	$ 470,384	873,099	1,288,827	$ 54,656
Total Liabilities	**$ 470,384**	**873,099**	**1,288,827**	**$ 54,656**

City of Moreno Valley, California

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2016

Moreno Valley Foundation Donation	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets:				
Pooled cash and investments	$ 221,650	-	-	$ 221,650
Total Assets	**$ 221,650**	**-**	**-**	**$ 221,650**
Liabilities:				
Payable to trustee	$ 221,650	-	-	$ 221,650
Total Liabilities	**$ 221,650**	**-**	**-**	**$ 221,650**
CFD # 5 Stoneridge				
Assets:				
Pooled cash and investments	$ 22,358	437,813	460,171	$ -
Restricted assets:				
Cash and investments with fiscal agents	758,476	406,975	371,593	793,858
Total Assets	**$ 780,834**	**844,788**	**831,764**	**$ 793,858**
Liabilities:				
Accounts payable	$ -	4,450	4,450	$ -
Payable to trustee	780,834	8,757	-	$ 789,591
Due to general fund	-	4,267	-	$ 4,267
Total Liabilities	**$ 780,834**	**17,474**	**4,450**	**$ 793,858**
Riverside County Flood Control and Water Conservation District				
Assets:				
Pooled cash and investments	$ 447,054	-	447,054	$ -
Total Assets	**$ 447,054**	**-**	**447,054**	**$ -**
Liabilities:				
Payable to trustee	$ 447,054	-	447,054	$ -
Total Liabilities	**$ 447,054**	**-**	**447,054**	**$ -**
Arts Commission				
Assets:				
Pooled cash and investments	$ 1,341	5,587	4,235	$ 2,693
Total Assets	**$ 1,341**	**5,587**	**4,235**	**$ 2,693**
Liabilities:				
Accounts payable	$ -	813	813	$ -
Payable to trustee	1,341	1,352	-	2,693
Total Liabilities	**$ 1,341**	**1,352**	**-**	**$ 2,693**
Totals - All Agency Funds				
Assets:				
Pooled cash and investments	$ 5,679,141	5,496,175	4,852,896	$ 6,322,420
Due from other governments	43	-	43	-
Restricted assets:				
Cash and investments with fiscal agents	758,476	406,975	371,593	$ 793,858
Total Assets	**$ 6,437,660**	**5,903,150**	**5,224,532**	**$ 7,116,278**
Liabilities:				
Accounts payable	$ 500,101	7,908,875	6,824,687	$ 1,584,289
Deposits payable	4,485,713	1,463,861	1,436,752	4,512,822
Payable to trustee	1,451,846	10,151	447,097	1,014,900
Due to general funds	-	4,267	-	4,267
Total Liabilities	**$ 6,437,660**	**$ 9,387,154**	**$ 8,708,536**	**$ 7,116,278**

Statistical Section

Comprehensive Annual Financial Report

CITY OF MORENO VALLEY
DECEMBER 3, 1984

Fiscal Year
Ended June 30, 2016

STATISTICAL SECTION

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.

Contents **Page #**

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets										
	$ 594,870,636	$ 622,102,140	$ 704,987,685	$ 768,345,954	$ 784,881,452	$ 757,856,437	$ 812,637,341	$ 841,259,763	$ 848,135,743	$ 843,153,359
Restricted for:										
Community development projects	-	41,908,201	19,960,752	36,341,964	7,079,640	37,716,605	38,269,946	47,104,275	44,564,797	67,426,468
Community and cultural	-	8,259,181	-	8,368,534	8,968,479	10,880,981	12,219,506	13,201,156	15,490,740	17,003,008
Public safety	973,667	663,854	280,107	2,103,241	644,786	626,545	328,561	328,236	1,000,633	473,282
Public works/capital projects	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517	27,654,589	40,264,691	56,388,219	43,385,566	45,945,528
Debt service	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643	11,956,354	12,413,131	11,996,640	9,695,909	9,734,330
Other programs	14,863,573	3,598,110	11,731,764	2,545,781	301,868	170,051	311,702	538,101	538,908	707,617
Permanent funds-nonexpendable	62,537	64,692	66,436	169,287	170,162	188,335	191,646	328,823	332,597	337,682
Unrestricted	101,941,651	104,545,617	69,630,581	46,594,052	24,461,651	95,014,503	91,359,292	70,552,111	33,342,552	27,376,839
Total Governmental activities net position	$ 791,744,201	$ 868,179,021	$ 895,366,510	$ 941,652,520	$ 948,471,198	$ 942,064,400	$ 1,007,995,816	$ 1,041,697,324	$ 996,487,445	$ 1,012,158,113
Business-type activities										
Net investment in capital assets										
	$ 14,130,659	$ 14,110,399	$ 10,083,679	$ 12,201,754	$ 13,942,981	$ 8,396,845	$ 9,052,878	$ 9,569,296	$ 10,903,412	$ 13,977,670
Restricted										
Regulatory contingencies	1,604,444	948,207	1,767,402	1,158,200	1,702,037	2,520,912	3,444,969	3,903,663	3,803,242	4,605,893
Unrestricted	(634,406)	(2,252,565)	(4,023,374)	(4,520,034)	(5,623,674)	(413,445)	(652,825)	260,457	4,297,438	7,881,183
Total Business-type activities net position	$ 15,100,697	$ 12,806,041	$ 7,827,707	$ 8,839,920	$ 10,021,344	$ 10,504,312	$ 11,845,022	$ 13,733,416	$ 19,004,092	$ 26,464,746
Primary government										
Net investment in capital assets										
	$ 609,001,295	$ 636,212,539	$ 715,071,364	$ 780,547,708	$ 798,824,433	$ 766,253,282	$ 821,690,219	$ 850,829,059	$ 859,039,155	$ 857,131,029
Restricted for:										
Community development projects	-	41,908,201	19,960,752	36,341,964	7,079,640	37,716,605	38,269,946	47,104,275	44,564,797	67,426,468
Community and cultural	-	8,259,181	-	8,368,534	8,968,479	10,880,981	12,219,506	13,201,156	15,490,740	17,003,008
Public safety	973,667	663,854	280,107	2,103,241	644,786	626,545	328,561	328,236	1,000,633	473,282
Public works/capital projects	66,493,508	79,745,801	71,335,816	61,365,635	109,095,517	27,654,589	40,264,691	56,388,219	43,385,566	45,945,528
Debt service	12,538,629	7,291,425	17,373,369	15,818,072	12,867,643	11,956,354	12,413,131	11,996,640	9,695,909	9,734,330
Other programs	14,863,573	3,598,110	11,731,764	2,545,781	301,868	170,051	311,702	538,101	538,908	707,617
Permanent funds-nonexpendable	62,537	64,692	66,436	169,287	170,162	188,335	191,646	328,823	332,597	337,682
Regulatory contingencies	1,604,444	948,207	1,767,402	1,158,200	1,702,037	2,520,912	3,444,969	3,903,663	3,803,242	4,605,893
Unrestricted	101,307,245	102,293,052	65,607,207	42,074,018	18,837,977	94,601,058	90,706,467	70,812,568	37,639,990	35,258,022
Total primary government net position	$ 806,844,898	$ 880,985,062	$ 903,194,217	$ 950,492,440	$ 958,492,542	$ 952,568,712	$ 1,019,840,838	$ 1,055,430,740	$ 1,015,491,537	$ 1,038,622,859

City of Moreno Valley
Change in Net Position,
Last ten fiscal years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	$ 10,796,963	$ 14,416,941	$ 14,948,628	$ 12,093,157	$ 13,001,340	$ 11,326,363	$ 11,758,206	$ 12,081,324	$ 26,675,932	$ 17,250,813
Public safety	43,415,662	54,412,284	50,856,439	58,165,412	59,640,431	56,037,192	56,896,151	53,578,915	56,270,003	56,238,838
Community development	9,643,084	10,964,507	12,036,237	29,663,451	10,003,780	11,317,359	11,886,089	7,755,380	9,873,837	9,527,082
Community and cultural	21,181,096	33,717,135	27,904,884	22,700,681	25,046,848	19,245,060	18,400,148	20,615,807	20,589,032	20,910,561
Public works	30,750,411	29,247,892	36,095,949	14,990,867	34,432,579	36,159,171	39,467,695	43,540,207	29,397,062	34,772,563
Interest on long-term debt	8,724,134	12,081,884	10,334,932	9,126,054	8,333,540	6,415,304	2,552,119	4,031,673	3,338,928	3,625,887
Total Governmental activities expenses	124,511,350	154,840,643	152,177,069	146,739,622	150,458,518	140,500,449	140,960,408	141,603,306	146,144,794	142,325,744
Business-type activities:										
Electric	8,298,955	12,282,161	14,067,086	13,812,966	14,807,788	16,549,224	18,139,446	19,796,146	22,277,378	24,230,158
Total business-type activities expenses	8,298,955	12,282,161	14,067,086	13,812,966	14,807,788	16,549,224	18,139,446	19,796,146	22,277,378	24,230,158
Total primary government expenses	$ 132,810,305	$ 167,122,804	$ 166,244,155	$ 160,552,588	$ 165,266,306	$ 157,049,673	$ 159,099,854	$ 161,399,452	$ 168,422,172	$ 166,555,902
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 2,994,550	$ 1,329,861	$ 1,144,983	$ 3,148,712	$ 5,008,441	$ 7,056,028	$ 9,505,989	$ 5,057,964	$ 4,996,612	$ 6,142,310
Public safety	1,212,229	4,948,923	6,559,817	4,371,535	2,787,962	2,738,303	2,951,403	3,077,843	3,196,167	3,409,176
Community development	12,947,546	6,962,389	7,607,316	4,071,460	4,911,984	5,973,104	4,821,911	7,620,631	7,529,017	7,437,687
Community and cultural	10,963,716	12,163,575	14,982,931	11,254,752	11,237,049	11,584,756	11,343,108	6,518,337	6,292,363	4,927,785
Public works	10,612,170	19,134,172	7,840,754	2,264,619	3,364,804	1,495,407	3,109,029	2,604,218	3,245,439	3,268,761
Operating contributions and grants:										
General government	622,513	-	92,319	66,861	940,799	1,094,413	2,974,751	121,564	154,230	121,850
Public safety	931,062	704,324	385,195	1,016,552	1,009,290	988,848	796,155	687,498	4,213,573	3,954,561
Community development	4,023,295	2,873,752	2,541,925	8,909,018	5,769,165	4,028,880	9,928,414	4,972,354	2,278,546	1,225,925
Community and cultural	100,777	6,911,186	5,936,040	5,174,090	6,635,271	6,284,823	7,166,971	7,515,185	7,595,170	7,437,170
Public works	460,787	631,830	3,901,583	6,345,620	6,353,159	15,499,751	15,250,978	12,279,173	12,837,819	10,131,877
Capital contributions and grants										
General government	-	-	-	31,307	-	5,056,545	-	17,576	-	-
Public safety	-	-	-	146,606	534,771	893,608	357,393	-	-	-
Community development	-	-	-	918,785	20,180	-	-	9,729,528	16,679,953	16,440,489
Community and cultural	-	-	239,746	-	-	-	-	-	-	-
Public works	74,752,980	74,004,139	31,573,778	70,826,175	29,208,716	(270,863)	37,847,697	6,544,892	5,052,634	1,638,903
Total governmental activities program revenues	119,621,625	129,664,151	82,806,387	118,546,092	77,781,591	62,423,603	106,053,799	66,746,763	74,071,523	66,136,494
Business-type activities:										
Charges for services										
Electric	8,712,097	10,311,654	12,430,482	13,326,364	15,671,939	16,778,766	19,098,088	20,213,736	27,678,542	29,363,663
Capital contributions and grants	1,604,577	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	10,316,674	10,311,654	12,430,482	13,326,364	15,671,939	16,778,766	19,098,088	20,213,736	27,678,542	29,363,663
Total primary government program revenues	$ 129,938,299	$ 139,975,805	$ 95,236,869	$ 131,872,456	$ 93,453,530	$ 79,202,369	$ 125,151,887	$ 86,960,499	$ 101,750,065	$ 95,500,157

(continued)

City of Moreno Valley
Change in Net Position,
Last ten fiscal years
(accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense)/Revenue										
Governmental activities	$ (4,889,725)	$ (25,176,492)	$ (69,370,682)	$ (28,193,530)	$ (72,676,927)	$ (78,076,846)	$ (34,906,609)	$ (74,856,543)	$ (72,073,271)	$ (76,189,250)
Business-type activities	2,017,719	(1,970,507)	(1,636,604)	(486,602)	864,151	229,542	958,642	417,590	5,401,164	5,133,505
Total primary government net (expense)/revenue	$ (2,872,006)	$ (27,146,999)	$ (71,007,286)	$ (28,680,132)	$ (71,812,776)	$ (77,847,304)	$ (33,947,967)	$ (74,438,953)	$ (66,672,107)	$ (71,055,745)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 23,379,735	$ 30,351,211	$ 28,316,208	$ 16,836,699	$ 22,699,683	$ 18,342,475	$ 13,088,911	$ 14,281,943	$ 15,600,436	$ 17,009,795
Property taxes in lieu	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796	13,170,964	13,414,446	13,871,754	15,137,754	16,409,009
Transient occupancy tax	586,383	593,009	497,936	535,775	692,586	747,100	831,881	991,431	1,197,143	1,416,343
Sales tax	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450	14,003,993	14,043,560	15,887,129	16,130,340	18,937,738
Franchise taxes	4,349,870	4,381,882	4,876,055	4,607,594	4,888,143	5,008,507	5,147,342	5,361,531	5,885,913	5,493,936
Business license taxes	1,315,039	1,111,021	1,051,702	961,303	1,053,146	1,175,104	1,305,925	1,581,918	1,886,558	2,249,400
Utility users tax	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439	15,591,386	15,683,931	15,595,141	16,138,202	15,824,481
Other taxes	6,320,978	2,620,059	2,683,193	2,278,529	1,204,064	1,155,334	1,325,025	6,467,203	6,512,910	6,529,065
Franchise in lieu taxes	78,573	96,816	120,969	132,548	150,456	168,267	189,577	194,943	278,186	293,022
Documentary transfer tax	972,995	575,003	598,084	479,208	424,931	434,554	350,413	447,103	502,822	740,120
Intergovernmental-motor vehicle in lieu, unrestricted	16,054,145	800,667	865,718	547,188	-	-	-	-	-	-
Use of property and money	13,467,580	16,380,462	9,381,199	10,850,116	5,298,098	8,708,429	2,236,328	4,718,739	3,440,087	4,774,277
Gain on sale of capital assets	-	2,575	-	-	605	-	-	-	-	-
Miscellaneous	405,679	885,602	1,787,772	1,238,641	2,784,308	469,671	1,728,104	696,377	403,609	2,182,732
Extraordinary items	-	-	-	-	-	(7,305,736)	31,492,582	26,364,076	-	-
Transfers	(75,851)	61,817	653,554	225,192	(107,841)	-	-	(904,032)	-	-
Total governmental activities	112,169,877	103,398,994	94,868,473	78,737,142	79,738,864	71,670,048	100,838,025	105,555,256	83,113,960	91,859,918
Business-type activities										
Use of property and money	-	-	-	61,428	29,540	89,183	8,848	35,249	137,947	202,544
Other	-	-	131,033	1,250,000	179,892	164,243	373,220	531,523	1,141,838	2,124,605
Transfers	75,851	(61,817)	(653,554)	(225,192)	107,841	-	-	904,032	-	-
Total business-type activities	75,851	(61,817)	(522,521)	1,086,236	317,273	253,426	382,068	1,470,804	1,279,785	2,327,149
Total primary government	$ 112,245,728	$ 103,337,177	$ 94,345,952	$ 79,823,378	$ 80,056,137	$ 71,923,474	$ 101,220,093	$ 107,026,060	$ 84,393,745	$ 94,187,067
Change in Net Position										
Government activities	$ 107,280,152	$ 78,222,502	$ 25,497,791	$ 50,543,612	$ 7,061,937	$ (6,406,798)	$ 65,931,416	$ 30,698,713	$ 11,040,689	$ 15,670,668
Business-type activities	2,093,570	(2,032,324)	(2,159,125)	599,634	1,181,424	482,968	1,340,710	1,888,394	6,680,949	7,460,654
Total primary government	$ 109,373,722	$ 76,190,178	$ 23,338,666	$ 51,143,246	$ 8,243,361	$ (5,923,830)	$ 67,272,126	$ 32,587,107	$ 17,721,638	$ 23,131,322

City of Moreno Valley
Fund Balances, Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	$ 13,580,492	$ 35,752,164	$ 34,787,698	$ 33,788,960	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	39,494,188	21,937,845	17,066,883	17,500,579	-	-	-	-	-	-
Nonspendable	-	-	-	-	5,716,008	5,438,306	5,497,653	9,132,415	8,388,275	8,215,977
Restricted	-	-	-	-	-	1,000,000	-	-	-	-
Committed	-	-	-	-	2,600,000	2,600,000	2,701,000	2,729,722	2,266,281	2,755,281
Assigned	-	-	-	-	1,414,860	2,613,937	646,598	1,156,993	1,115,184	3,149,038
Unassigned	-	-	-	-	36,634,651	29,814,811	25,528,774	27,536,445	31,606,163	37,001,739
Total General Fund	$ 53,074,680	$ 57,690,009	$ 51,854,581	$ 51,289,539	$ 46,365,519	$ 41,467,054	$ 34,374,025	$ 40,555,575	$ 43,375,903	$ 51,122,035
All Other Funds										
Reserved	$ 49,559,718	$ 90,143,820	$ 86,530,127	$ 79,688,486	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved reported in:								-	-	-
Special revenue funds	48,534,518	50,516,963	42,222,678	30,378,947	-	-	-	-	-	-
Capital projects funds	36,453,807	29,300,262	27,359,094	27,373,151	-	-	-	-	-	-
Permanent funds	-	-	66,436	169,287	-	-	-	-	-	-
Nonspendable	-	-	-	-	32,582,050	35,169,140	35,479,835	6,848,083	6,351,290	5,869,254
Restricted	-	-	-	-	106,735,045	54,025,315	68,502,016	123,037,367	110,373,496	103,223,132
Committed	-	-	-	-	13,321	17,332	17,332	-	-	1,000,000
Assigned	-	-	-	-	15,151,482	19,708,984	11,130,251	-	-	-
Unassigned	-	-	-	-	(33,954,694)	(692,943)	(1,074,556)	(449,279)	(447,628)	(122,130)
Total all other funds	$ 134,548,043	$ 169,961,045	$ 156,178,335	$ 137,609,871	$ 120,527,204	$ 108,227,828	$ 114,054,878	$ 129,436,171	$ 116,277,158	$ 109,970,256

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue										
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Property tax	26,854,009	30,351,211	28,316,208	16,836,699	22,699,683	18,342,475	13,088,911	14,281,943	15,600,436	17,009,795
Property taxes in lieu	14,150,000	16,728,600	16,791,078	13,703,197	13,055,796	13,170,964	13,414,446	13,871,754	15,137,754	16,409,009
Utility taxes	15,463,291	15,186,616	15,081,286	15,358,341	15,317,439	15,591,386	15,683,931	15,595,141	16,138,202	15,824,481
Sales taxes	15,701,460	13,623,654	12,163,719	10,982,811	12,277,450	14,003,993	14,043,560	15,887,129	16,130,340	18,937,738
Other taxes	9,637,850	9,377,790	9,827,939	8,994,957	8,413,326	8,688,866	9,150,163	15,044,129	16,263,532	16,721,886
Licenses, fees and permits	13,552,983	2,650,530	1,930,905	1,354,188	1,532,514	1,523,800	1,585,312	2,164,753	2,020,230	2,834,449
Charges for services	25,046,576	24,745,073	21,876,389	20,182,147	21,497,689	25,480,671	27,718,832	20,229,634	21,050,766	21,193,893
Intergovernmental	16,703,254	31,497,898	32,642,154	39,049,424	27,591,342	28,993,998	38,624,704	28,810,219	32,505,519	27,463,858
Use of property and money	13,466,716	16,380,462	9,381,199	10,850,116	7,027,197	7,605,758	1,749,494	4,034,589	3,405,008	4,734,930
Fines and forfeitures	1,159,350	1,293,056	1,262,712	1,176,403	833,799	653,285	650,259	619,942	630,175	569,383
Miscellaneous/other	1,089,949	885,602	1,787,772	1,238,641	4,251,577	1,424,186	3,162,871	2,269,465	1,623,569	2,273,288
Total revenues	152,825,438	162,720,492	151,061,361	139,726,924	134,497,812	135,479,382	138,872,483	132,808,698	140,505,531	143,972,711
Expenditures										
General government	12,060,789	14,681,999	14,825,012	12,607,630	14,504,781	14,442,873	12,099,984	12,019,962	13,146,749	16,275,216
Public safety	50,276,192	56,361,973	57,866,348	58,311,716	58,152,125	54,602,358	58,393,974	53,492,051	55,248,006	55,140,221
Community development	10,116,658	18,144,115	13,895,163	15,003,855	9,061,184	10,530,127	12,374,216	7,923,409	9,883,788	9,116,820
Community and cultural	19,286,807	32,683,219	27,331,726	21,982,074	23,006,061	17,348,779	18,021,610	19,232,689	18,797,257	19,031,065
Public works	31,391,248	34,616,617	45,328,685	13,796,314	15,018,071	15,588,709	15,673,611	18,273,006	18,130,438	19,293,627
Capital outlay	-	-	-	26,269,751	23,879,656	27,709,622	45,615,380	27,212,890	28,898,279	19,586,004
Debt service										
Principal retirement	3,095,000	18,538,387	4,154,660	3,690,094	11,724,021	3,965,407	3,017,500	13,884,500	2,556,230	3,092,176
Interest and fiscal charges	8,476,750	9,213,625	10,382,080	9,198,762	8,345,084	6,250,237	2,462,481	3,284,958	3,388,158	2,950,685
Bond issuance costs	326,385	2,413,464	-	-	-	-	-	895,960	360,956	-
Total expenditures	135,029,829	186,653,399	173,783,674	160,860,196	163,690,983	150,438,112	167,658,756	156,219,425	150,409,861	144,485,814
Excess of revenues over/ (under) expenditures	17,795,609	(23,932,907)	(22,722,313)	(21,133,272)	(29,193,171)	(14,958,730)	(28,786,273)	(23,410,727)	(9,904,330)	(513,103)
Other Financing Sources (Uses)										
Issuance of debt	5,870,000	58,412,429	-	-	7,447,764	-	-	-	-	-
Transfers in	33,422,242	38,016,856	27,284,397	29,322,934	18,994,235	25,245,873	16,689,425	30,993,218	44,585,720	9,218,855
Transfers out	(30,526,931)	(36,688,115)	(24,926,511)	(26,106,962)	(19,012,256)	(25,818,899)	(15,473,618)	(30,111,368)	(44,677,294)	(8,588,009)
Contributions from Successor Agency	-	-	-	-	-	900,124	2,811,741	9,729,528	1,489,134	1,620,000
Contributions to Successor Agency	-	-	-	-	-	-	-	-	-	(298,513)
Sale of capital assets	-	442,085	-	-	-	-	-	-	-	-
Premium on debt issued	-	-	-	-	-	-	-	905,166	-	-
Other debts issued	-	-	-	-	-	-	-	20,000,000	-	-
Defeased bonds	-	-	-	-	-	-	-	-	(25,940,000)	-
Refunding bonds issued	-	-	-	-	-	-	-	10,454,230	24,108,085	-
Total other financing sources (uses)	8,765,311	60,183,255	2,357,886	3,215,972	7,429,743	327,098	4,027,548	41,970,774	(434,355)	1,952,333
Extraordinary Items	-	-	-	-	-	(2,566,209)	23,492,746	-	-	-
Net change in fund balances	$ 26,560,920	$ 36,250,348	$ (20,364,427)	$ (17,917,300)	$ (21,763,428)	$ (17,197,841)	$ (1,265,979)	$ 18,560,047	$ (10,338,685)	$ 1,439,230
Debt service as a percentage of noncapital expenditures	10.56%	19.40%	10.65%	9.58%	14.35%	8.59%	4.39%	13.06%	5.38%	5.21%

City of Moreno Valley
Tax Revenues by Source, General Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year	Property	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
2007	$14,022,135	$ 14,150,000	$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	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	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	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	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	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	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	13,871,755	15,595,141	15,887,129	991,431	5,556,474	84,056	1,581,918	447,103	64,683,789
2015	11,594,459	15,137,754	16,138,202	16,130,340	1,197,143	6,164,099	81,658	1,886,558	502,822	68,833,035
2016	12,679,455	16,409,009	15,824,481	18,937,742	1,416,343	5,786,958	80,967	2,249,400	740,120	74,124,475
Change										
2007 to 2016	**-10.00%**	**16.00%**	**2.00%**	**44.00%**	**142.00%**	**33.00%**	**-91.00%**	**71.00%**	**-24.00%**	**14.00%**

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
Key Revenues, General Fund
Last Ten Fiscal Years

Fiscal Year	Utility Users Tax	Property Tax	Property Tax In-Lieu of VLF	Vehicle License In-Lieu Fees	Sales Tax	Property Tax In-Lieu of Sales Tax	Development Services
2007	$ 15,463,291	$ 14,022,135	$ 14,150,000	$ 943,313	$ 9,472,304	$ 3,643,967	$ 12,473,161
2008	15,186,616	14,361,253	16,728,600	800,667	7,942,982	3,751,543	8,706,327
2009	15,081,286	12,790,196	16,791,078	865,718	7,135,246	3,067,138	5,510,492
2010	15,358,341	9,917,734	13,703,197	547,188	6,952,123	2,346,173	2,631,820
2011	15,317,439	9,430,846	13,055,796	887,331	8,113,635	3,169,800	2,675,770
2012	15,591,386	9,397,373	13,170,964	96,578	10,848,031	3,155,962	3,928,365
2013	15,683,931	9,765,007	13,414,446	100,727	10,523,544	3,520,016	3,586,632
2014	15,595,141	10,668,782	13,871,754	84,056	11,478,971	4,408,158	5,832,468
2015	16,138,202	11,594,459	15,137,754	81,658	12,347,660	3,782,680	5,323,881
2016	15,824,481	12,679,455	16,409,009	80,967	15,412,390	3,525,352	6,453,497

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)

	City						Redevelopment Agency **						
Fiscal Year Ended June 30,	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	Total Direct Tax Rate
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	0.00226
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	0.00264
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	0.00265
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	0.00256
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	0.00575	0.00242
2012	10,561,585	271,336	10,832,921	(236,235)	10,596,686	0.00258	-	-	-	-	-	-	0.00258
2013	10,646,415	342,094	10,988,509	(249,331)	10,739,178	0.00183	-	-	-	-	-	-	0.00183
2014	11,042,637	352,337	11,394,974	(264,161)	11,130,813	0.00185	-	-	-	-	-	-	0.00185
2015	12,102,252	366,400	12,468,652	(262,713)	12,205,939	0.00179	-	-	-	-	-	-	0.00179
2016	12,991,881	486,350	13,478,231	(256,756)	13,221,475	0.00173	-	-	-	-	-	-	0.00173

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 X1 26 and AB X1 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
City Direct Rate:	$0.00140	$0.00143	$0.00131	$0.00160	$0.00164	$0.00258	$0.00177	$0.00185	$0.00179	$0.00173
Redevelopment Agency Direct Rate:	0.00672	0.00838	0.01045	0.00675	0.00575	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Tax Rate:	0.00226	0.00264	0.00265	0.00256	0.00242	0.00258	0.00177	0.00185	0.00179	0.00173
Eastern Municipal Water Imp Dist	0.01500	0.01500	0.00700	0.03000	0.03000	0.03000	0.03000	0.03000	0.01100	0.01100
Metro Water East 1301999 Debt Svc	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
Metro Water West 1302999 Debt Svc	0.00470	0.00450	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350
Moreno Valley Unified School District	0.02271	0.03066	0.03081	0.02660	0.03357	0.04096	0.04060	0.04354	0.04071	0.10223
Nuview School District	0.00000	0.02998	0.02996	0.02790	0.02987	0.02988	0.04043	0.07389	0.07156	0.00000
Perris Union High School District	0.03222	0.02110	0.02031	0.02686	0.03126	0.03429	0.03429	0.06970	0.06303	0.00000
Mt. San Jacinto Jr College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.01394
Riverside City Community College District	0.01800	0.01259	0.01254	0.01242	0.01499	0.01700	0.01702	0.01768	0.01791	0.01725
San Jacinto Unified School District	0.01407	0.07202	0.09600	0.09052	0.11744	0.12875	0.12800	0.12746	0.11866	0.11727
Val Verde Unified District	0.00000	0.00000	0.03189	0.04089	0.03347	0.03160	0.08383	0.07235	0.07882	0.07135
Total Tax Rate	$0.12178	$0.20280	$0.25152	$0.22708	$0.30781	$0.32504	$0.38471	$0.44532	$0.41048	$0.34177

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

Source: City of Moreno Valley Finance Department
County of Riverside Auditor-Controller
Hdl Coren & Cone

City of Moreno Valley
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2016 Taxable Assessed Value	2016 Rank	2016 Percent of Total City Taxable Assessed Value	2007 Taxable Assessed Value	2007 Rank	2007 Percent of Total City Taxable Assessed Value
HF Logistics SKX T1 (Sketchers)	$ 220,979,063	1	1.67%	$ -		0.00%
FR California Indian Avenue	168,378,744	2	1.27%	-		0.00%
Ross Dress for Less, Inc.	137,855,825	3	1.04%	45,032,063	4	0.40%
Walgreen Company	117,547,840	4	0.89%	134,927,663	1	1.19%
Golden State FC LLC	108,546,560	5	0.82%	-		0.00%
First Industrial LP	96,338,637	6	0.73%	-		0.00%
IIT Inland Empire Logistics Center	92,170,534	7	0.70%	-		0.00%
Kaiser	90,084,923	8	0.68%	-		0.00%
Stonegate 552	84,647,427	9	0.64%	-		0.00%
I 215 Logistics	83,965,386	10	0.64%	-		0.00%
Falls Apartments	-		0.00%	58,804,789	2	0.52%
Moreno Valley Properties	-		0.00%	58,658,080	3	0.52%
Homart Newco Two, Inc.	-		0.00%	40,000,000	5	0.35%
Western Pacific Housing, Inc.	-		0.00%	32,388,133	6	0.28%
Moreno Valley Plaza	-		0.00%	29,694,237	7	0.26%
Divi Divi Tree	-		0.00%	29,434,368	8	0.26%
Lasselle Place	-		0.00%	28,970,785	9	0.25%
MV Homes	-		0.00%	28,640,446	10	0.25%
	$ 1,200,514,939		9.08%	$ 486,550,564		4.28%

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
2007	39,206,275	39,141,295	99.83%		64,980	39,206,275	100.00%
2008	43,561,908	43,457,010	99.76%		104,898	43,561,908	100.00%
2009	41,285,111	41,165,168	99.71%		119,943	41,285,111	100.00%
2010	35,573,656	35,492,693	99.77%		80,963	35,573,656	100.00%
2011	33,713,334	33,658,226	99.84%		55,108	33,713,334	100.00%
2012	33,226,437	33,172,713	99.84%		53,724	33,226,437	100.00%
2013	25,630,602	25,580,901	99.81%	(2)	49,701	25,630,602	100.00%
2014	26,906,254	26,862,040	99.84%		44,214	26,906,254	100.00%
2015	26,455,986	26,154,116	98.86%		301,870	26,455,986	100.00%
2016	27,643,578	27,249,232	98.57%		-	27,249,232	98.57%

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 2015/16 Assessed Valuation $ 13,224,174,633

OVERLAPPING TAX AND ASSESSMENT DEBT	Total Debt 6/30/2016	% Applicable(1)	City's Share of Debt 6/30/2016
Metropolitan Water District	$ 92,865,000	0.539%	$ 500,542
Riverside County Flood Control and Water Reclamation District, Zone No.4	20,650,000	31.264	6,456,016
Eastern Municipal Water District I.D. No U-22	2,547,000	100	2,547,000
Riverside Community College District	267,357,209	14.953	39,977,923
Mount San Jacinto Community College District	70,000,000	0.028	19,600
Moreno Valley Unified School District	133,088,521	84.389	112,312,072
San Jacinto Unified School District	41,434,584	0.844	349,708
Val Verde Unified School District	107,286,488	39.287	42,149,643
Moreno Valley Unified School District Community Facilities District No. 2002-1	7,230,000	100	7,230,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	10,835,000	100	10,835,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	2,915,000	100	2,915,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,135,000	100	5,135,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,775,000	100	3,775,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	3,855,000	100	3,855,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	4,705,000	100	4,705,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	25,795,000	100	25,795,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3 & 5	23,330,000	100	23,330,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	5,195,000	100	5,195,000
Val Verde Unified School District Community Facilities District No. 98-1	18,020,000	100	18,020,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,830,000	100	2,830,000
Eastern Municipal Water District Community Facilities District	12,211,000	100	12,211,000
City of Moreno Valley Community Facilities District No. 5	5,605,000	100	5,605,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	2,365,000	100	2,365,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			$ 338,113,504
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	$ 889,831,745	5.550%	$ 49,385,662
Riverside County Pension Obligations	304,520,000	5.550%	16,900,860
Riverside County Board of Education Certificates of Participation	935,000	5.550%	51,893
Moreno Valley Unified School District Certificates of Participation	11,640,000	84.389%	9,822,880
San Jacinto Unified School District Certificates of Participation	39,440,000	0.844%	332,874
Val Verde Unified School District Certificates of Participation	70,205,000	39.287%	27,581,438
City of Moreno Valley General Fund Obligations	70,978,000	100.000%	70,978,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			175,053,607
Less: Riverside County self-supporting obligations			346,150
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			174,707,457
City Direct Debt (City of Moreno Valley General Fund Obligations)			70,978,000
TOTAL DIRECT & OVERLAPPING DEBT			$ 245,685,457
OVERLAPPING TAX INCREMENT DEBT:	$ 77,690,000	31.460-100	$ 56,439,173
TOTAL DIRECT DEBT			**70,978,000**
TOTAL GROSS OVERLAPPING DEBT			498,628,284
TOTAL NET OVERLAPPING DEBT			498,282,134
GROSS COMBINED TOTAL DEBT			569,606,284 (2)
NET COMBINED TOTAL DEBT			569,260,134

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 2015-16 Assessed Valuation:	
Total Gross Overlapping Tax and Assessment Debt	2.56%
Ratios to Adjusted Assessed Valuation:	
Total Direct Debt ($70,978,000)	0.54%
Gross Combined Total Debt	4.31%
Net Combined Total Debt	4.30%
Ratios to Redevelopment Incremental Valuation ($2,543,839,920):	2.22%
Total Overlapping Tax Increment Debt	

AB: ($475)

Source: California Municipal Statistics

City of Moreno Valley
Legal Debt Margin
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2016	$ 13,082,108
Assessed Value	1,962,316
Debt Limit (15% of assessed value)	
Debt applicable to limit:	-
	-
Total net debt applicable to limit	$ -

	Fiscal Year (1)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Valuation (in thousands)	$ 11,220,188	$ 13,374,229	$ 13,375,965	$ 10,862,814	$ 10,366,869	$ 10,462,566	$ 10,590,832	$ 12,199,659	$ 12,064,572	$13,082,108
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	2,805,047	3,343,557	3,343,991	2,715,704	2,591,717	2,615,642	2,647,708	3,049,915	3,016,143	3,270,527
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit (in thousands)	420,757	501,534	501,599	407,356	388,758	392,346	397,156	457,487	452,421	490,579
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin (in thousands)	420,757	501,534	501,599	407,356	388,758	392,346	397,156	457,487	452,421	490,579
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 Ten Fiscal Years

	Governmental Activities						Business-type Activities			
Fiscal Year Ended June 30 (1)	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	RDA Tax Allocation Bonds	Notes and Other	Governmental Activities	Lease Revenue Bonds	Total Primary Government	Percentage of Personal Income (2)	Debt per Capita
2007	$21,415,000	$6,590,000	$46,890,000	-	$4,696,689	$79,591,689	$30,870,000	$110,461,689	3.67%	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	4.61%	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	4.48%	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	- (3)	39,660,000 (3)	42,475,000	12,301,668 (3)	108,091,668	29,780,000	137,871,668	3.80%	706
2012	11,870,000	-	38,775,000	- (4)	12,405,733	63,050,733	29,245,000	92,295,733	2.70%	470
2013	10,685,000	-	37,855,000	- (4)	12,340,304	60,880,304	28,685,000	89,565,304	2.62%	452
2014	9,660,000	20,000,000	36,394,230	- (4)	11,874,411	77,928,641	27,836,607	105,765,248	2.93%	531
2015	8,700,000	20,000,000	32,486,745	- (4)	10,620,844	71,807,589	26,982,029	98,789,618	2.72%	485
2016	7,700,000	20,000,000	33,788,512	- (4)	2,838,000 (6)	64,326,512	36,743,303 (5)	101,069,815	2.78%	492

Notes:
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.

2) These ratios are calculated using personal income and population for the prior year.

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.

5) In Fiscal Year 2016 the Moreno Valley Electric Utility issued Taxable Lease Revenue Bonds in the amount of $10,430,000.

6) In Fiscal Year 2016 OPEB and Compensated Absences are not included in Notes and Other.

Source: City of Moreno Valley Financial and Management Services Department
Riverside County Economic Development Agency
State of California Department of Finance

City of Moreno Valley
Ratio of Bonded Debt
Last Nine Fiscal Years

Fiscal Year Ended June 30, (1)	Special Tax Bonds	Certificates of Participation	Lease Revenue Bonds	Total Governmental Activities	Percent of Assessed Value (2)	Per Capita
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
2014	9,660,000	20,000,000	36,394,230	66,054,230	0.59%	332
2015	8,700,000	20,000,000	32,486,745	61,186,745	0.50%	300
2016	7,700,000	20,000,000	33,788,512	61,488,512	0.46%	299

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.

Data Source: City of Moreno Valley Financial and Management Services Department
County of Riverside Auditor-Controller

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, Improvement No. 1 Special Tax Refunding Bonds				
	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage	Special Tax Levy	Debt Service Principal	Debt Service Interest	Coverage	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2007	1,179,479	108,986	710,000	379,375	1.18	-	-	-		-	-	-		-	-	-	-	
2008	1,088,427	190,425	785,000	327,050	1.15	198,306	-	217,261	0.91	2,072,568	-	226,176	9.16	429,990	-	-	60,994	0.00
2009	1,212,713	103,026	865,000	269,300	1.16	344,701	-	288,613	1.19	1,164,131	575,000	435,881	1.15	108,706	287,228	220,000	175,859	1.00
2010	1,173,443	185,125	950,000	205,775	1.18	362,124	15,000	288,313	1.19	373,011	600,000	409,381	0.37	78,519	303,573	190,000	168,029	1.07
2011	78,021	96,489	1,045,000	135,950	0.15	376,005	20,000	287,613	1.22	1,168,536	630,000	382,569	1.15	112,162	277,359	195,000	160,375	1.10
2012	74,137	29,292	925,000	64,688	0.10	384,249	30,000	286,613	1.21	1,175,145	655,000	359,294	1.16	115,946	274,445	205,000	152,173	1.09
2013	75,878	31,192	295,000	18,938	0.34	388,022	35,000	285,295	1.21	1,170,595	680,000	335,931	1.15	110,672	275,008	210,000	143,719	1.09
2014	-	-	105,000	3,938	0.00	393,684	45,000	283,633	1.20	1,174,345	700,000	310,906	1.16	117,164	275,007	220,000	135,009	1.10
2015	-	-	-	-	0.00	398,468	55,000	281,505	1.18	1,186,238	730,000	283,181	1.17	114,616	277,896	230,000	125,668	1.10
2016	-	-	-	-	0.00	405,862	65,000	278,893	1.18	1,190,000	760,000	253,381	1.17	114,070	280,000	240,000	115,739	1.11

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	-	-	-	
2011	-	-	-	
2012	-	-	-	
2013	-	-	-	
2014	-	-	-	
2015	-	-	-	
2016	-	-	-	

Data Source: City of Moreno Valley Financial and Management Services Department
City of Moreno Valley Public Works Department

City of Moreno Valley
Demographic and Economic Statistics
Last eight years

Calendar Year (1)	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2009	186,301	$ 3,702,458	$ 18,898	15.7%
2010	188,537	3,836,808	19,230	17.6%
2011	195,216	3,463,419	17,519	16.1%
2012	196,495	3,491,186	17,425	13.9%
2013	198,129	3,615,062	18,246	11.8%
2014	199,258	3,612,548	18,130	11.0%
2015	203,696	3,704,415	18,186	7.0%
2016	205,383	3,671,016	17,874	7.1%

(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.

Data Source: California Department of Finance
www.dof.ca.gov/research/demographic

Employment Development Department
http://www.edd.ca.gov/

City of Moreno Valley
Principal Employers
Current Year and Nine Years Ago

Employer	Sector	Business Type	2016 Number of Employees	2016 Percent of Total Employment	2007 Number of Employees	2007 Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	8,600	9.30%	8,482	24.71%
Amazon	Fulfillment	Retail Distribution	7,500	8.11%		
Moreno Valley Unified School District	Public Sector	Public Schools	3,489	3.77%	3,519	10.25%
Riverside University Health System (formerly RCRMC)	Medical Facilities	County Hospital	2,987	3.23%	1,700	4.95%
Ross Dress for Less / dd's Discounts	Distribution	Retail Distribution	1,921	2.08%	600	1.75%
Moreno Valley Mall (excludes major tenants)	Retail	Retail Mall	1,390	1.50%	1,669	4.86%
Harbor Freight Tools	Distribution	Retail Distribution	800	0.86%		
Kaiser Permanente Community Hospital / Office	Medical Facilities	Hospital/Medical Services	789	0.85%		
Val Verde Unified School District (MV Only)	Public Sector	Public Schools	680	0.74%	721	2.10%
Walgreens	Distribution	Retail Distribution	600	0.65%		
Moreno Valley College	Public Sector	Higher Education			1,038	3.02%
City of Moreno Valley	Public Sector	Municipal Government			875	2.55%
Thor California	Manufacturing	R.V. Manufacturer			704	2.05%
Walgreens	Distribution	Retail Distribution			650	1.89%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Moreno Valley Economic Development Department
California Department of Finance

City of Moreno Valley
Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	153	150	142	150	147	125	96	93	94	91
Public Works	134	141	151	146	143	134	122	121	119	118
Community Development	74	74	72	68	59	66	59	49	51	60
Parks and Community Services	184 (2)	240	238	453	101 (3)	118	112	113	127	138
Animal Services	26	27	29	27	21	19	21	22	22	22
Redevelopment Agency	17	18	16	14	12	0	0	0	0	0
Public Safety (1)	356	383	393	415	407	407	318	286	287	284
	944	1,033	1,041	1,273	890	869	728	684	700	713

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.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
Capital Asset Statistics
Last Eight Fiscal Years

	Fiscal Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Lane miles of streets	1,076	1,076	1,076	1,076	1,095	1,080	1,080	1,080
Number of street lights	11,037	11,046	11,260	11,358	11,381	11,449	11,512	11,620
Number of traffic signals	167	170	173	175	180	182	186	188
Fire protection:								
Number of stations	6	6	6	6	7	7	7	7
Police protection:								
Number of policing stations	1	1	1	1	1	1	1	1
Number of policing substations	4	4	4	6	6	6	2	3
Recreation and culture:								
Parks	39	37	37	37	37	37	38	38
Maintained acreage of parks	531.48	531.48	531.66	519.91	519.91	520	533	533
Parks under construction	6	6	1	1	1	1	-	-
Acreage of parks under construction	25.14	25.14	12.25	12.75	12.75	12.75	-	-
Multi-use athletic fields	21	21	21	21	21	21	24	24
Conference/Recreation centers	1	1	1	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,413	42,413	42,413	42,413	42,413	42,800
Senior Centers	1	1	1	1	1	1	1	1
Square footage of senior centers	14,700	14,700	14,700	14,700	14,700	14,700	14,700	14,700
Equestrian centers	1	1	1	1	1	1	1	1
Maintained acreage of equestrian centers	45	45	45	45	45	45	45	45
Multi-use equestrian trails maintained	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles	11 Miles
Community centers	4	4	4	4	4	4	4	4
Square footage of community centers	38,758	38,758	38,758	38,758	38,758	38,758	38,758	38,758
Sports courts	24	24	24	24	24	24	24	24
Skate parks	1	1	1	1	1	1	1	1
Square footage of skate parks	1,850	1,850	1,851	1,850	1,850	1,850	1,850	1,850
Soccer Arena	0	0	0	1	1	1	1	1
Nine-hole golf courses	1	1	1	1	1	1	1	1
Play apparatus	24	26	26	26	26	26	27	27
Water play features	2	2	2	2	2	2	2	2
Utilities:								
Residential utility meters	4,802	4,904	5,003	5,028	5,091	5,202	5,260	5,365
Commercial utility meters	565	545	599	592	607	639	652	663

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 Eight Fiscal Years

	Fiscal Year							
	2009	2010	2011	2012	2013	2014	2015	2016
Square mileage of area	52	52	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	81	80	79	71	72	69	69	69
Volunteers	25	25	10	16	16	25	18	16
Non-sworn personnel	8	8	8	8	8	11	13	12
OEM non-sworn personnel	0	0	0	2	3	3	2	3
Responses to emergency calls	12,971	13,530	15,268	14,824	15,905	16,340	17,727	19,006
Inspections and Permits	3,522	2,369	3,383	2,304	2,400	3,251	3,445	6,382
Apartment Complex Inspections	0	0	0	849	872	1,476	1,777	1,943
Plan checks	664	424	358	786	1,218	1,646	1,788	1,317
Counter/Public inquires	7,249	2,734	2,452	2,671	2,431	2,966	2,683	2,604
Police protection:								
Provided through contract with the County of Riverside								
Sheriff's Department:								
Sworn officers	186	184	186	181	181	153	151	150
Classified personnel	55	54	55	54	51	49	50	50
City support personnel	3	3	3	3	3	2	2	0
Volunteers	56	62	77	85	77	69	84	72
Responses to Calls:								
Priority 1	572	519	423	363	425	402	420	461
Priority 1A	1,110	1,181	1,274	1,289	1,584	1,500	1,463	1,480
Priority 2	24,967	24,938	27,797	26,021	27,733	28,048	28,696	30,294
Priority 3	26,466	24,800	27,487	29,393	29,860	28,521	30,499	35,317
Priority 4	17,592	16,630	18,625	18,087	17,280	16,662	16,749	17,944
Priority 5	91	1	1	1	1	63	62	54
Priority 6	0	0	0	0	0	0	0	0
Priority 7	0	0	0	0	0	0	1	0
Priority 8	0	0	1	1	0	0	0	0
Priority 9	248	279	312	223	347	436	312	295
Cancelled	5,359	5,222	5,543	5,991	23,338	26,172	29,095	26,061
Disp/Arr Time Missing	8,540	7,638	7,944	8,125	8,941	8,191	9,384	8,807
Same Disp/Arr Time	60,510	54,645	54,379	47,638	45,096	40,425	45,041	47,794
T. R. U. Calls	43	32	37	54	87	76	42	27
Building and Safety:								
Building permits issued	2,058	1,645	1,700	1,889	1,797	2,066	2,329	2,411
Counter requests for service	8,922	6,611	6,105	6,563	6,407	7,049	7,597	8,066
Planning:								
Planning applications processed	894	682	644	740	745	752	667	672
Counter requests for service	4,669	3,875	3,683	3,853	3,749	3,718	3,527	3,366
Recreation and culture:								
Rounds of golf played	6,123	6,638	9,719	n/a	8,209	9,002	7,948	8,237
Facility rentals	893	1,026	1,005	992	997	1,058	1,087	1,235
Participants in recreation programs	46,075	46,561	46,040	48,473	41,992	47,405	43,361	44,000
Utilities:								
Average residential daily consumption (kilowatt hours)	19.8	18.5	18.5	19.7	20.7	19.1	20.1	19.7
Average commercial daily consumption (kilowatt hours)	254.8	284.4	296.3	371.9	383.0	395.3	573	622.2
New residential connections	123	93	99	23	63	111	58	105
New commercial connections	65	5	54	23	15	32	13	11
Employees:								
Members of City Council	5	5	5	5	5	5	5	5
Members of the Planning Commission	7	7	7	7	7	7	7	9
Full-time career status (FTE)	324	312	283	281	277	299	261	264
Part-time career status (FTE)	14	29	21	66	22	11	14	15

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.

Sources: City of Moreno Valley Technology Services, Fire Department, Police Department, Community & Economic Development, Parks & Community Services, Public Works, Utilities, Financial-Payroll.

CITY OF MORENO VALLEY

DECEMBER 3, 1984

Comprehensive Annual Financial Report

City of Moreno Valley, California

Community Services District

Fiscal Year Ended June 30, 2016

City of Moreno Valley, California
Community Services District

Financial Statements
Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

To the Directors
City of Moreno Valley, California
Community Services District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, Community Services District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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 include 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.

Auditor's 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. 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 reparation 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and budgetary comparison for the Zone L Library Services, Zone A Parks and Community Services, Landscape Maintenance District (LMD) 2014-02, and Zone E Extensive Landscaping Administration for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016 on our consideration of the City's internal control over financial reporting and our tests of 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.

Vasquez + Company LLP

Los Angeles, California
December 6, 2016

City of Moreno Valley, California
Community Services District

Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and investments (note 2)	$ 16,627,649
Receivables:	
Accounts	87,937
Due from other governments	1,283,749
Capital assets not being depreciated (note 3)	982,736
Capital assets, net of depreciation (note 3)	20,801,186
Total Assets	**39,783,257**
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	1,260,373
Total Deferred Outflows of Resources	**1,260,373**
Liabilities	
Accounts payable	745,968
Unearned revenue	232,051
Deposits payable	3,540
Due to other governments	23
Due to the City of Moreno Valley	14,745
Net pension liability	9,310,838
	10,307,165
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	1,398,270
Total Deferred Inflows of Resources	**1,398,270**
Net Position	
Net investment in capital assets	21,783,922
Restricted for:	
Special zones	7,554,273
	$ 29,338,195

City of Moreno Valley, California
Community Services District

Statement of Activities
Year Ended June 30, 2016

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Functions/Programs:					
Primary Government:					
Governmental Activities					
Community and cultural	$ 13,707,078	$ 6,015,891	$ -	$ -	$ (7,691,187)
Public works	6,906,699	-	-	-	(6,906,699)
Total Governmental Activities	$ 20,613,777	$ 6,015,891	$ -	$ -	(14,597,886)

General revenues	
Taxes:	
Property taxes, levied for general purpose	4,330,340
Other taxes	6,387,448
Use of money and property	926,457
Other	1,074,042
Capital assets contribution from the City of Moreno Valley	715,139
Contributions from the City of Moreno Valley	1,004,137
Total general revenues and contributions	**14,437,563**
Change in Net Position	(160,323)
Net Position - Beginning of year	29,498,518
Net position - End of year	$ **29,338,195**

City of Moreno Valley, California
Community Services District

Governmental Funds
Balance Sheet
June 30, 2016

	Special Revenue Funds		
	Zone L Library Services	Zone A Parks and Community Services	Landscape Maintenance District No. 2014-02
Assets:			
Pooled cash and investments (note 2)	$ 667,235	$ 5,673,164	$ 4,426,783
Receivables:			
Accounts	-	87,937	-
Due from other governments	53,934	138,549	309,892
Total Assets	**$ 721,169**	**$ 5,899,650**	**$ 4,736,675**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 11,511	$ 274,392	$ 247,473
Unearned revenues	-	232,051	-
Deposits payable	-	3,540	-
Due to other governments	-	23	-
Due to the City of Moreno Valley	-	14,745	-
Total Liabilities	**11,511**	**524,751**	**247,473**
Fund Balances:			
Restricted for:			
Special zones	709,658	5,374,899	4,489,202
Total Fund Balances	**709,658**	**5,374,899**	**4,489,202**
Total Liabilities and Fund Balances	**$ 721,169**	**$ 5,899,650**	**$ 4,736,675**

Special Revenue Funds			
Zone E Extensive Landscaping Administration	Nonmajor Governmental Funds	Total Governmental Funds	
			Assets:
$ 2,443,375	$ 3,417,092	$ 16,627,649	Pooled cash and investments (note 2)
			Receivables:
-	-	87,937	Accounts
96,759	684,615	1,283,749	Due from other governments
$ 2,540,134	**$ 4,101,707**	**$ 17,999,335**	**Total Assets**
			Liabilities and Fund Balances:
			Liabilities:
$ 20,479	$ 192,113	$ 745,968	Accounts payable
-	-	232,051	Unearned revenues
-	-	3,540	Deposits payable
-	-	23	Due to other governments
-	-	14,745	Due to the City of Moreno Valley
20,479	**192,113**	**996,327**	**Total Liabilities**
			Fund Balances:
		-	**Restricted for:**
2,519,655	3,909,594	17,003,008	Special zones
2,519,655	**3,909,594**	**17,003,008**	**Total Fund Balances**
$ 2,540,134	**$ 4,101,707**	**$ 17,999,335**	**Total Liabilities and Fund Balances**

CITY OF MORENO VALLEY

DECEMBER 3, 1984

City of Moreno Valley, California
Community Services District

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2016

Fund balances of governmental funds	$	17,003,008
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of depreciation, used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Capital assets, not being depreciated		982,736
Depreciable capital assets, net of accumulated depreciation		20,801,186
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the governmental funds		1,260,373
Long-term liabilities related to pension are not due and payable in the current period and therefore are not reported in the governmental funds		
Net pension liability		(9,310,838)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the governmental funds		(1,398,270)
Net position of governmental activities	**$**	**29,338,195**

City of Moreno Valley, California
Community Services District

Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds		
	Zone L Library Services	Zone A Parks and Community Services	Landscape Maintenance District No. 2014-02
Revenues:			
Taxes:			
Property taxes	$ 1,810,897	$ 2,228,315	$ -
Other taxes	-	4,930,807	-
Fees and charges for services	40,276	1,175,207	2,056,708
Use of money and property	-	755,656	73,721
Fines and forfeitures	39,161	-	-
Miscellaneous	1,425	45,795	271,943
Total Revenues	**1,891,759**	**9,135,780**	**2,402,372**
Expenditures:			
Current:			
Community and cultural	1,763,068	8,678,359	-
Public works	-	-	2,225,495
Capital outlay	-	38,963	-
Total Expenditures	**1,763,068**	**8,717,322**	**2,225,495**
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,691	418,458	176,877
Other Financing Sources (Uses):			
Contribution from the City of Moreno Valley	-	521,021	215,928
Transfers in	-	-	49,992
Transfers out	-	-	-
Total Other Financing Sources (Uses)	**-**	**521,021**	**265,920**
Net Change in Fund Balances	**128,691**	**939,479**	**442,797**
Fund Balances, Beginning of Year	580,967	4,435,420	4,046,405
Fund Balances, End of Year	**$ 709,658**	**$ 5,374,899**	**$ 4,489,202**

City of Moreno Valley, California
Community Services District

Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended June 30, 2016

Special Revenue Funds: Zone E Extensive Landscaping Administration	Nonmajor Governmental Funds	Total Governmental Funds	
			Revenues:
			Taxes:
$ -	$ 291,128	$ 4,330,340	Property taxes
-	1,456,641	6,387,448	Other taxes
314,306	2,429,394	6,015,891	Fees and charges for services
37,508	59,572	926,457	Use of money and property
-	-	39,161	Fines and forfeitures
84,383	631,335	1,034,881	Miscellaneous
436,197	**4,868,070**	**18,734,178**	**Total Revenues**
			Expenditures:
			Current:
-	1,202,841	11,644,268	Community and cultural
271,841	4,045,480	6,542,816	Public works
-	-	38,963	Capital outlay
271,841	**5,248,321**	**18,226,047**	**Total Expenditures**
164,356	(380,251)	508,131	Excess (Deficiency) of Revenues Over (Under) Expenditures
			Other Financing Sources (Uses):
-	267,188	1,004,137	Contribution from the City of Moreno Valley
-	-	49,992	Transfers in
-	(49,992)	(49,992)	Transfers out
-	**217,196**	**1,004,137**	**Total Other Financing Sources (Uses)**
164,356	**(163,055)**	**1,512,268**	**Net Change in Fund Balances**
2,355,299	4,072,649	15,490,740	Fund Balances, Beginning of Year
$ 2,519,655	**$ 3,909,594**	**$ 17,003,008**	**Fund Balances, End of Year**

City of Moreno Valley, California
Community Services District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Year Ended June 30, 2016 Statement of Activities

Net change in fund balances - total governmental funds	$ 1,512,268
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost 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	38,963
Depreciation expense	(1,994,268)
Loss on disposal of assets	(363,883)
Capital assets contributions from the City of Moreno Valley	715,139
Pension expense reported in the statement of activities that does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	(68,542)
Change in net position of govermental activities	**$ (160,323)**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Statement
Zone L Library Services
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Revenues:				
Taxes:				
Property taxes	$ 1,694,285	$ 1,694,285	$ 1,810,897	$ 116,612
Fees and charges for services	18,000	18,000	40,276	22,276
Fines and forfeitures	50,000	50,000	39,161	(10,839)
Miscellaneous	2,000	2,000	1,425	(575)
Total Revenues	**1,764,285**	**1,764,285**	**1,891,759**	**127,474**
Expenditures:				
Current:				
Community and cultural	1,747,334	1,747,334	1,763,068	(15,734)
Total Expenditures	**1,747,334**	**1,747,334**	**1,763,068**	**(15,734)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,951	16,951	128,691	111,740
Net Change in Fund Balances	**16,951**	**16,951**	**128,691**	**111,740**
Fund Balance, Beginning of Year	580,967	580,967	580,967	-
Fund Balance, End of Year	**$ 597,918**	**$ 597,918**	**$ 709,658**	**$ 111,740**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Statement
Zone A Parks and Community Services
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Property taxes	$ 2,133,544	$ 2,133,544	$ 2,228,315	$ 94,771
Other taxes	4,930,000	4,930,000	4,930,807	807
Fees and charges for services	1,075,350	1,075,350	1,175,207	99,857
Use of money and property	671,200	671,200	755,656	84,456
Miscellaneous	7,150	7,150	45,795	38,645
Total Revenues	**8,817,244**	**8,817,244**	**9,135,780**	**318,536**
Expenditures:				
Current				
Community and cultural	9,067,471	9,092,329	8,678,359	413,970
Capital outlay	50,192	396,418	38,963	357,455
Total Expenditures	**9,117,663**	**9,488,747**	**8,717,322**	**771,425**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(300,419)	(671,503)	418,458	1,089,961
Other Financing Sources (Uses):				
Contributions from the City of Moreno Valley	521,021	521,021	521,021	-
Total Other Financing Sources (Uses)	521,021	521,021	521,021	-
Net Change in Fund Balances	**220,602**	**(150,482)**	**939,479**	**1,089,961**
Fund Balance, Beginning of Year	4,435,420	4,435,420	4,435,420	-
Fund Balance, End of Year	**$4,656,022**	**$4,284,938**	**$5,374,899**	**$ 1,089,961**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Statement
Landscape Maintenance District (LMD) No. 2014-02
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 2,075,397	$ 2,051,897	$ 2,056,708	$ 4,811
Use of money and property	15,532	15,532	73,721	58,189
Miscellaneous	-	284,060	271,943	(12,117)
Total Revenues	**2,090,929**	**2,351,489**	**2,402,372**	**50,883**
Expenditures:				
Current:				
Public works	2,326,393	2,828,966	2,225,495	603,471
Total Expenditures	**2,326,393**	**2,828,966**	**2,225,495**	**603,471**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(235,464)	(477,477)	176,877	654,354
Other Financing Sources (Uses):				
Contributions from the City of Moreno Valley	217,724	215,928	215,928	-
Transfers in	49,992	49,992	49,992	-
Total Other Financing Sources (Uses)	**267,716**	**265,920**	**265,920**	**-**
Net Change in Fund Balances	**32,252**	**(211,557)**	**442,797**	**654,354**
Fund Balance, Beginning of Year	4,046,405	4,046,405	4,046,405	-
Fund Balance, End of Year	**$4,078,657**	**$ 3,834,848**	**$4,489,202**	**$ 654,354**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Statement
Zone E Extensive Landscaping Administration
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Fees and charges for services	$ 397,900	$ 383,100	$ 314,306	$ (68,794)
Use of money and property	22,369	22,369	37,508	15,139
Miscellaneous	-	88,192	84,383	(3,809)
Total Revenues	**420,269**	**493,661**	**436,197**	**(57,464)**
Expenditures:				
Current				
Public works	527,795	505,792	271,841	233,951
Total Expenditures	**527,795**	**505,792**	**271,841**	**233,951**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(107,526)	(12,131)	164,356	176,487
Net Change in Fund Balances	**(107,526)**	**(12,131)**	**164,356**	**176,487**
Fund Balance, Beginning of Year	2,355,299	2,355,299	2,355,299	-
Fund Balance, End of Year	**$2,247,773**	**$2,343,168**	**$2,519,655**	**$ 176,487**

Note 1 Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Moreno Valley, California, Community Services District (the District), was created by a City Council ordinance adopted on December 3, 1984. Its purpose is to act as a legal entity, separate and distinct from the City of Moreno Valley (the City), even though the City Council is currently serving as the District's Governing Board. The District is broadly empowered to engage in the general maintenance and administration of the City's community programs.

Governmental Accounting Standards define the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either: a) the primary government has the ability to impose its will, or b) the possibility that the component unit will provide a financial benefit to, or impose a financial burden on the primary government. Since the City Council of the City of Moreno Valley also serves as the Governing Board of the District, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the District. Accordingly, in applying the criteria of Governmental Accounting Standards, the financial statements of the District are included in the City's Comprehensive Annual Financial Report. The District has the same fiscal year end as the City and its financial statements can be obtained from the City Clerk.

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 the component unit. For the most part, the effect of interfund activity has been removed from these statements. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they have been levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government 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 operating revenues to be available if they are collected within 60 days of the end of the current fiscal period, while grant 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 are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of 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 District reports the following major governmental funds:

Zone L Library Services accounts for the operations necessary to process and administer the library services program.

Zone A Parks and Community Services accounts for the administration and maintenance of the parks and community services facilities and programs.

Landscape Maintenance District (LMD) 2014-02 provides the funding for the operation and maintenance of public landscaping throughout the City.

Note 1 Summary of Significant Accounting Policies (Continued)

Zone E Extensive Landscaping Administration accounts for the operations necessary to provide high-service level landscape maintenance in and around specific major residential developments throughout the City.

d. Budgetary Reporting

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for the governmental activities. Budgets presented in this report for comparison to actual amounts are presented in accordance with generally accepted accounting principles (GAAP). From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various District departments.

Reported budget amounts represent the original legally adopted budget as amended. The City Council may amend the budget only by a duly adopted minute resolution 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 XIIIB of the State Constitution. Individual fund budgets are, in all cases where appropriations are required, the same as the appropriation amounts. In the case of the Governmental Fund type, unexpended budgeted amounts, except for amounts relating to capital projects, lapse at the end of the budget year. Spending control for most funds is established by the amount of expenditures budgeted for each department within the fund, but management control is exercised at budgetary line item levels within the departments. Management can transfer budgeted amounts between line items within each department provided that they do not increase or decrease total department appropriations. Expenditures may not legally exceed budgeted appropriations at the department and fund levels. For the year ended June 30, 2016, there was one fund, the Zone L Library Services Fund, that had expenditures in excess of appropriations adopted by the City Council.

e. Unavailable Revenue and Unearned Revenue

The District reports unavailable revenue in the fund-level statements as deferred inflows. Unavailable revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the deferred inflow for unavailable revenue is removed and revenue is recognized.

The District reports unearned revenue in the fund-level statements and in the statement of net position. Unearned revenue arises when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

Note 1 Summary of Significant Accounting Policies (Continued)

f. Fund Balance

In the fund financial statements, governmental funds report the following fund balance classifications:

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.

Restricted include amounts that are constrained as to 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, the Governing Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution by the governing body.

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.

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.

Note 1 Summary of Significant Accounting Policies (Continued)

g. Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets. Currently, the District does not have any debt attributed to capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

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 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.

h. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streetlights, medians, sidewalks and similar items), are reported in the government wide financial statements. Capital assets are defined by the District 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.

Note 1 Summary of Significant Accounting Policies (Continued)

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

i. Investments

The District records all investments at fair value. The current year's changes in fair value are recognized in the statement of revenues, expenditures and changes in fund balances as use of money and property. *Use of money and property* includes interest earnings, changes in fair value, rental income and any gains or losses.

j. Salary Expenditures

The District does not employ any personnel and relies on the City for administrative services. The financial statements include expenditures for salary and other benefits, which were allocated to the District by the City.

k. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are levied on August 10 and are payable in two installments on November 1 and February 1. Unsecured personal property taxes are due in a single installment on July 1. The County of Riverside bills and collects the property taxes and remits them to the District in installments during the year. Property taxes received within 60 days after the District's fiscal year-end are considered "measurable" and "available" and are accrued in the District's financial statements.

l. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the related reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Note 2 Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	$16,627,649

The District's cash and investments are pooled with the City of Moreno Valley's cash and investments in order to generate optimum investment income. The District is a voluntary participant in the City's investment pool. This pool is governed by and under the regulatory oversight of the Investment Policy adopted by the City Council of the City. The District has not adopted an investment policy separate from that of the City. Each fund's 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 included in the City's basic financial statements, which are available at City Hall.

Fair Value Measurement

In accordance with GASB Statement 72, *Fair Value Measurement*, the City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Refer to the City's basic financial statements for details about fair value measurement disclosures.

Note 3 Capital Assets

The following is a summary of capital assets for governmental activities:

	Balances 7/1/2015	Additions	Deletions	Balances 6/30/2016
Non-Depreciable Assets:				
Land	$ 779,584	$ -	$ -	$ 779,584
Construction in Progress	93,167	467,536	(357,551)	203,152
Total Non-Depreciable Assets	872,751	467,536	(357,551)	982,736
Depreciable Assets				
Buildings and Improvements	57,189,876	82,964	(174,110)	57,098,730
Furniture and Equipment	3,376,768	203,602	(325,033)	3,255,337
Vehicles	778,780	-	(778,780)	-
Total Depreciable Assets	61,345,424	286,566	(1,277,923)	60,354,067
Less Accumulated Depreciation:				
Buildings and Improvements	(36,503,762)	(1,802,936)	-	(38,306,698)
Furniture and Equipment	(1,566,227)	(191,332)	511,376	(1,246,183)
Vehicles	(760,215)	-	760,215	-
Total Accumulated Depreciation	(38,830,204)	(1,994,268)	1,271,591	(39,552,881)
Total Depreciable Assets, Net of Accumulated Depreciation	22,515,220	(1,707,702)	(6,332)	20,801,186
Total Capital Assets, Net of Accumulated Depreciation	$ 23,387,971	$ (1,240,166)	$ (363,883)	$ 21,783,922

Depreciation expense was charged to functions/programs of the District as follows: Governmental Activities:

Community and cultural	$ 1,994,268

Note 4 Pension Plans

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City of Moreno Valley's Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as common investment and administrative agent for its participating member employers. Benefits provisions under the Plan are established by State statute and City resolution. CalPERS issues publically available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on CalPERS website.

Note 4 Pension Plans (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement Age	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	23.959%	27.196%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Active employees	331
Retired employees	271
Inactive employees	268

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 4 Pension Plans (Continued)

B. Net Pension Liability

The District's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability follows.

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2014
Measurement date	June 30, 2015
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	(1)
Investment rate of return	7.65% (2)
Mortality	Membership Data for all Funds

(1) Depending on age, service, and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Note 4 Pension Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is considered to be adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent is without reduction of pension plan administrative expenses and is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The following table reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Note 4 Pension Plans (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

C. Changes in the Net Pension Liability

The changes in the District's Net Pension Liability over the measurement period are as follows:

Miscellaneous Plan:	Net Pension Liability (Asset)
Balance at June 30, 2014	$ 8,907,346
Changes in the year:	
Service cost	525,131
Interest on the total pension liability	1,586,793
Difference between actual and expected experience	147,714
Changes in assumptions	(400,289)
Contribution - employer	(627,168)
Contribution - employee (paid by employer)	(153,636)
Net investment income	(691,870)
Administrative expense	16,817
Net Changes	403,492
Balance at June 30, 2015	**$ 9,310,838**

Note 4 Pension Plans (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2016, the District recognized pension expense of $527,655. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 645,829	$ -
Changes of assumptions	-	(262,258)
Differences between expected and actual experiences	-	(153,636)
Net difference between projected and actual earnings on pension plan	614,544	(982,376)
	$ 1,260,373	$ (1,398,270)

The amount of $1,260,373 reported as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	$ (321,709)
2018	(321,709)
2019	(321,709)
Thereafter	-

Note 6 Commitments and Contingencies

The District 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 of Moreno Valley 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 worker's 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 District 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.

Note 7 Subsequent Events

The District has evaluated events subsequent to June 30, 2016 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 6, 2016, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds			
	Lighting Maintenance District No. 2014-01	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration	Zone M Median
Assets:				
Pooled cash and investments	$ 381,141	$ 470,277	$ 1,200,586	$ 473,835
Due from other governments	17,955	11,211	521,549	124,343
Total Assets	**$ 399,096**	**$ 481,488**	**$ 1,722,135**	**$ 598,178**
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ 4,550	40,219	76,062	18,761
Total Liabilities	**4,550**	**40,219**	**76,062**	**18,761**
Fund Balances:				
Restricted for:				
Special zones	394,546	441,269	1,646,073	579,417
Total Fund Balances	**394,546**	**441,269**	**1,646,073**	**579,417**
Total Liabilities and Fund Balances	**$ 399,096**	**$ 481,488**	**$ 1,722,135**	**$ 598,178**

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2016

Special Revenue Funds			
CFD #1	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Funds	
			Assets:
$ 788,579	$ 102,674	$ 3,417,092	Pooled cash and investments
8,098	1459	684,615	Due from other governments
$ 796,677	**$ 104,133**	**$ 4,101,707**	**Total Assets**
			Liabilities and Fund Balances:
			Liabilities:
$ 49,742	2,779	192,113	Accounts payable
49,742	**2,779**	**192,113**	**Total Liabilities**
			Fund Balances:
			Restricted for:
746,935	101,354	3,909,594	Special zones
746,935	**101,354**	**3,909,594**	**Total Fund Balances**
$ 796,677	**$ 104,133**	**$ 4,101,707**	**Total Liabilities and Fund Balances**

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds			
	Lighting Maintenance District No. 2014-01	Zone C Arterial Street Lights Administration	Zone D Standard Landscaping Administration	Zone M Median
Revenues:				
Taxes				
Property taxes	$ 106,924	$ 184,204	$ -	$ -
Other taxes	-	423,563	-	-
Fees and charges for services	941,341	63,160	1,183,924	158,098
Use of money and property	9,948	10,046	18,323	9,760
Miscellaneous	-	-	506,210	122,457
Total Revenues	**1,058,213**	**680,973**	**1,708,457**	**290,315**
Expenditures:				
Current:				
Community and cultural	-	-	-	-
Public works	1,459,304	839,685	1,282,987	407,789
Total Expenditures	**1,459,304**	**839,685**	**1,282,987**	**407,789**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(401,091)	(158,712)	425,470	(117,474)
Other Financing Sources (Uses):				
Contributions from the City of Moreno Valley	159,008	-	-	108,180
Transfers out	-	-	(49,992)	-
Total Other financing sources (uses)	**159,008**	**-**	**(49,992)**	**108,180**
Net Change in Fund Balances	(242,083)	(158,712)	375,478	(9,294)
Fund Balances, Beginning of Year	636,629	599,981	1,270,595	588,711
Fund Balances, End of Year	**$ 394,546**	**$ 441,269**	**$ 1,646,073**	**$ 579,417**

City of Moreno Valley, California
Community Services District

Nonmajor Governmental Funds
Combining Statement of Revenues
Expenditures and Changes in Fund Balances
Year Ended June 30, 2016

Special Revenue Funds			
CFD #1	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Funds	
			Revenues:
			Taxes
$ -	$ -	$ 291,128	Property taxes
1,033,078	-	1,456,641	Other taxes
25,571	57,300	2,429,394	Fees and charges for services
9,832	1,664	59,573	Use of money and property
2,667	-	631,334	Miscellaneous
1,071,148	**58,964**	**4,868,070**	**Total Revenues**
			Expenditures:
			Current:
1,202,841	-	1,202,841	Community and cultural
-	55,715	4,045,480	Public works
1,202,841	**55,715**	**5,248,321**	**Total Expenditures**
(131,693)	3,249	(380,251)	**Excess (Deficiency) of Revenues Over (Under) Expenditures**
			Other Financing Sources (Uses):
-	-	267,188	Contributions from the City of Moreno Valley
-	-	(49,992)	Transfers out
-	-	**217,196**	**Total Other Financing Sources (Uses)**
(131,693)	3,249	(163,055)	Net Change in Fund Balances
878,628	98,105	4,072,649	Fund Balances, Beginning of Year
$ 746,935	**$ 101,354**	**$ 3,909,594**	**Fund Balances, End of Year**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
Lighting Maintenance District (LMD) No. 2014-01
Year Ended June 30, 2016

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	$ 87,600	$ 87,600	$ 106,924	$ 19,324
Fees and charges for services	963,200	946,200	941,341	(4,859)
Use of money and property	-	-	9,948	9,948
Total Revenues	**1,050,800**	**1,033,800**	**1,058,213**	**24,413**
Expenditures:				
Current:				
Public works	1,700,769	1,524,323	1,459,304	65,019
Total Expenditures	**1,700,769**	**1,524,323**	**1,459,304**	**65,019**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(649,969)	(490,523)	(401,091)	89,432
Other Financing Sources (Uses):				
Contributions from the City of Moreno Valley	459,008	159,008	159,008	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	**459,008**	**159,008**	**159,008**	**-**
Net Change in Fund Balances	**(190,961)**	**(331,515)**	**(242,083)**	**89,432**
Fund Balance, Beginning of Year	636,629	636,629	636,629	-
Fund Balance, End of Year	**$ 445,668**	**$ 305,114**	**$ 394,546**	**$ 89,432**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
Zone C Arterial Street Lights Administration
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	**Final**	**Amounts**	**(Negative)**
Revenues:				
Taxes:				
Property Taxes	$ 130,000	$ 130,000	$ 184,204	$ 54,204
Other taxes	423,300	423,300	423,563	263
Fees and charges for services	163,700	70,000	63,160	(6,840)
Use of money and property	-	-	10,046	10,046
Total Revenues	**717,000**	**623,300**	**680,973**	**57,673**
Expenditures:				
Current:				
Public works	1,005,200	827,987	839,685	(11,698)
Total Expenditures	**1,005,200**	**827,987**	**839,685**	**(11,698)**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(288,200)	(204,687)	(158,712)	45,975
Other Financing Sources (Uses):				
Contribution from the City of Moreno Valley	206,749	-	-	-
Total Other Financing Sources (Uses)	**206,749**	**-**	**-**	**-**
Net Change in Fund Balances	**(81,451)**	**(204,687)**	**(158,712)**	**45,975**
Fund Balance, Beginning of Year	599,981	599,981	599,981	-
Fund Balance, End of Year	**$ 518,530**	**$ 395,294**	**$ 441,269**	**$ 45,975**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
Zone D Standard Landscaping Administration
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 1,218,000	$ 1,184,400	$ 1,183,924	$ (476)
Use of money and property	7,000	7,000	18,323	11,323
Miscellaneous	-	529,058	506,210	(22,848)
Total Revenues	**1,225,000**	**1,720,458**	**1,708,457**	**(12,001)**
Expenditures:				
Current:				
Public works	1,178,686	1,621,688	1,282,987	338,701
Total Expenditures	**1,178,686**	**1,621,688**	**1,282,987**	**338,701**
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,314	98,770	425,470	326,700
Other Financing Sources (Uses):				
Transfers out	(49,992)	(49,992)	(49,992)	-
Total Other Financing Sources (Uses)	**(49,992)**	**(49,992)**	**(49,992)**	-
Net Change in Fund Balances	**(3,678)**	**48,778**	**375,478**	**326,700**
Fund Balance, Beginning of Year	1,270,595	1,270,595	1,270,595	-
Fund Balance, End of Year	**$1,266,917**	**$1,319,373**	**$1,646,073**	**$ 326,700**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
Zone M Median
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 167,300	$ 157,000	$ 158,098	$ 1,098
Use of money and property	2,600	2,600	9,760	
Miscellaneous	-	125,592	122,457	(3,135)
Total Revenues	**169,900**	**285,192**	**290,315**	**(2,037)**
Expenditures:				
Current:				
Public works	195,126	494,230	407,789	86,441
Total Expenditures	**195,126**	**494,230**	**407,789**	**86,441**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,226)	(209,038)	(117,474)	91,564
Other Financing Sources (Uses):				
Contributions from the City of Moreno Valley	105,881	108,180	108,180	-
Total Other Financing Sources (Uses)	**105,881**	**108,180**	**108,180**	**-**
Net Change in Fund Balances	**80,655**	**(100,858)**	**(9,294)**	**91,564**
Fund Balance, Beginning of Year	588,711	588,711	588,711	-
Fund Balance, End of Year	**$ 669,366**	**$ 487,853**	**$ 579,417**	**$ 91,564**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
CFD No. 1
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Other taxes	$ 1,039,000	$ 1,039,000	$ 1,033,078	$ (5,922)
Fees and charges for services	26,000	26,000	25,571	(429)
Use of money and property	24,997	24,997	9,832	(15,165)
Miscellaneous revenue	-	-	2,667	
Total Revenues	**1,089,997**	**1,089,997**	**1,071,148**	**(21,516)**
Expenditures:				
Current:				
Community and cultural	1,410,481	1,461,879	1,202,841	259,038
Total Expenditures	**1,410,481**	**1,461,879**	**1,202,841**	**259,038**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(320,484)	(371,882)	(131,693)	240,189
Net Change in Fund Balances	**(320,484)**	**(371,882)**	**(131,693)**	**240,189**
Fund Balance, Beginning of Year	878,628	878,628	878,628	-
Fund Balance, End of Year	**$ 558,144**	**$ 506,746**	**$ 746,935**	**$ 240,189**

City of Moreno Valley, California
Community Services District

Budgetary Comparison Schedule
Zone S Sunnymead Boulevard Maintenance
Year Ended June 30, 2016

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Fees and charges for services	$ 57,500	$ 57,500	$ 57,300	$ (200)
Use of money and property	200	200	1,664	1,464
Total Revenues	**57,700**	**57,700**	**58,964**	**1,264**
Expenditures:				
Current:				
Public works	53,346	70,721	55,715	15,006
Total Expenditures	**53,346**	**70,721**	**55,715**	**15,006**
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,354	(13,021)	3,249	16,270
Net Change in Fund Balances	**4,354**	**(13,021)**	**3,249**	**16,270**
Fund Balance, Beginning of Year	98,105	98,105	98,105	-
Fund Balance, End of Year	**$ 102,459**	**$85,084**	**$ 101,354**	**$ 16,270**

CITY OF MORENO VALLEY

DECEMBER 3, 1984

APPENDIX F

STATE DEPARTMENT OF FINANCE LETTER

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July 10, 2017

Mr. Marshall Eyerman, Financial Resources Division Manager
City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552

Dear Mr. Eyerman:

Subject: Determination of Oversight Board Action

The City of Moreno Valley Successor Agency (Agency) notified the California Department of Finance (Finance) of its May 17, 2017 Oversight Board (OB) Resolution on May 18, 2017. Pursuant to Health and Safety Code (HSC) section 34179 (h), Finance has completed its review of the OB action.

Based on our review and application of the law, Resolution No. OB 2017-02, authorizing the Agency to refund the outstanding Community Redevelopment Agency (CRA) of the City of Moreno Valley, 2007 Tax Allocation Bonds, Series A, is partially approved.

Finance is approving the proposed refunding. The Agency desires to refund the CRA 2007 Tax Allocation Bonds, Series A and anticipates achieving approximately $3,262,066 in savings over the remaining life of the bonds. Finance's approval is based on our understanding that no refunding bonds will be issued unless such bonds meet the requirements outlined in HSC section 34177.5 (a). Following the issuance, the Agency should place payment requests for the refunding bonds on a future Recognized Obligation Payment Schedule (ROPS), subject to Finance's review and approval.

To the extent the indebtedness obligations approved for refunding per the OB Resolution are refunded in accordance with HSC section 34177.5 and prior to the next ROPS submission, the Agency may use Redevelopment Property Tax Trust Funds received for payment of the currently listed obligations being refunded. The Agency must separately identify any indebtedness for which refunding is finalized as a new item on a subsequent ROPS. Further, pursuant to HSC section 34186 (a), the Agency is required to report estimated obligations and actual payments. Any unspent funds should be reported as prior period adjustments.

In addition, Section 3 of the resolution states the Agency shall be entitled to receive its full allocation of the administrative cost allowance under HSC section 34181 (a) (3) without any deductions with respect to continuing costs related to the refunding bonds. However, HSC section 34181 (a) (3) does not exist. While all costs related to the issuance can be paid separately pursuant to HSC section 34177.5 (f), any administrative costs post-issuance of the bonds must be placed on a subsequent ROPS for Finance's review to determine whether the costs should be paid out of the administrative allowance or whether the costs are separate enforceable obligations. To the extent this section seeks to have ongoing administrative costs of bonds be paid in addition to regular administrative costs, such action is denied.

In the event the OB desires to amend the portion of the resolution not approved by Finance, Finance is returning it to the board for reconsideration. However, the Agency may move forward with the portion of the resolution approved by Finance.

Please direct inquiries to Nichelle Jackson, Supervisor, or Jeremy Bunting, Lead Analyst, at (916) 322-2985.

Sincerely,

for

JUSTYN HOWARD
Program Budget Manager

cc: Mr. Richard Teichert, Chief Financial Officer/City Treasurer, City of Moreno Valley
Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County

APPENDIX G

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon the issuance of the Series 2017 Bonds, the Agency proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

$38,045,000
SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY
OF THE CITY OF MORENO VALLEY
SUBORDINATE TAX ALLOCATION REFUNDING BONDS
SERIES 2017

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley (the "Successor Agency") in connection with the execution and delivery of the above-referenced bonds (the "Bonds"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of September 1, 2017, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee (the "Indenture").

The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means each March 31, commencing March 31, 2018, or the date that is nine months after the end of the Successor Agency's fiscal year if the Successor Agency's fiscal year is changed (the Successor Agency's fiscal year currently ends June 30).

"*Dissemination Agent*" means Willdan Financial Services, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the Successor Agency in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Stifel, Nicolaus & Company, Inc., the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2018 with the report for the 2016-17 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Successor Agency) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Successor Agency to determine if the Successor Agency is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Successor Agency 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 by the Successor Agency hereunder.

(b) If the Successor Agency does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the Successor Agency shall provide (or cause the Dissemination Agent to provide) to the MSRB, in a timely manner and in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The Successor Agency's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the Successor Agency for the preceding fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) Description of issuance by the Successor Agency of any debt payable from or secured by a pledge of Tax Revenues in the Project Area (as defined in the Official Statement) in the most recently completed fiscal year only (including details as to date, amount, term, rating, insurance).

(ii) The ten largest property taxpayers in the combined Project Area for the current fiscal year only in the form of Table 2 to the Official Statement.

(iii) The assessed value of property in the combined Project Area for the current fiscal year only in the form of Table 3 in the Official Statement.

(iv) The coverage ratio provided by Tax Revenues in the combined Project Area with respect to debt service on the Bonds and any Parity Debt for the most recently completed fiscal year only, in the form of Table 9 in the Official Statement without any requirement to update any projected Tax Revenues set forth in Table 9.

(v) Assessed valuation appeals for the most recent fiscal year and pending assessed valuation appeals in the form of Tables 4 and 5 in the Official Statement.

(c) 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 Successor Agency or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) 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 security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (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.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Successor Agency obtains knowledge of the occurrence of a Listed Event, the Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Successor Agency obtains knowledge of the occurrence of any of these Listed Events, the Successor Agency will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Successor Agency will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Successor Agency in a proceeding under the United States 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 Successor Agency, 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 Successor Agency.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations 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 Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Successor Agency 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Willdan Financial Services. Any Dissemination Agent may resign by providing 30 days' written notice to the Successor Agency.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency 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 relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(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 either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial 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 first Annual Report filed pursuant hereto 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 this Disclosure Certificate modifying the accounting principles to be followed in preparing financial statements, the Annual Report 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 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 Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency 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 Successor Agency 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 Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the Successor Agency fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and 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 Dissemination Agent shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder, and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, the Bond holders or any other party. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: September 13, 2017

SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY

By: ________________________________

Name: Michelle Dawson

Title: Executive Director

AGREED AND ACCEPTED:

WILLDAN FINANCIAL SERVICES,
as Dissemination Agent

By: ________________________________

Name: ________________________________

Title: ________________________________

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley
Name of Issue:	Successor Agency to the Community Redevelopment Agency of the City of Moreno Valley Subordinate Tax Allocation Refunding Bonds, Series 2017
Date of Issuance:	September 13, 2017

NOTICE IS HEREBY GIVEN that the Successor Agency has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of September 1, 2017, by and between the Successor Agency and Wells Fargo Bank, National Association, as trustee. The Successor Agency anticipates that the Annual Report will be filed by ________________.

Dated: __________

DISSEMINATION AGENT:

WILLDAN FINANCIAL SERVICES

By: ____
Its: ____

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APPENDIX H

GENERAL INFORMATION REGARDING
THE CITY OF MORENO VALLEY AND REGION

The following information is included only for the purpose of supplying general information regarding the City of Moreno Valley and Riverside County. This information is provided only for general informational purposes, and provides prospective investors limited information about Riverside County and its economic base. The Series 2017 Bonds are not a debt of the City of Moreno Valley, Riverside County, the State of California or any of its political subdivision (except the Agency) and neither said City, County or State nor any of its political subdivisions (except the Agency) is liable thereof.

Location

The City of Moreno Valley (the "City") is centrally located in Southern California, 66 miles east of Los Angeles and 100 miles north of San Diego. The City encompasses approximately 51 square miles of land area in western Riverside County. Geographically, the City is bordered by three low-lying mountain ranges, March Air Reserve Force Base and Lake Perris State Park. The City is situated at the junction of two major highways, California State Highway 60 (the Moreno Valley Freeway) and Interstate 215.

Population

The City is the second most populace city in Riverside County with an estimated population of 205,383 as of January 1, 2016. The table below sets forth the total population of the City, the County of Riverside (the "County") and the State of California (the "State").

POPULATION
City of Moreno Valley, County of Riverside and State of California

	Calendar Year				
	2012	***2013***	***2014***	***2015***	***2016***
Moreno Valley	198,353	200,889	202,191	203,696	205,383
Riverside County	2,239,715	2,266,549	2,291,093	2,317,924	2,347,828
California	37,881,357	38,239,207	38,567,459	38,907,642	39,255,883

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark. Sacramento, California, May 2016.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2011 through 2016 for the City, the County, the State and the nation as a whole.

CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	***Labor Force***	***Employment***[1]	***Unemployment***[2]	***Unemployment Rate (%)***[3]
2011				
City of Moreno Valley	86,400	74,300	12,100	14.0%
Riverside County	978,500	849,600	128,900	13.2
State of California	18,415,100	16,258,100	2,157,000	11.7
United States[4]	153,617,000	139,869,000	13,747,000	8.9
2012				
City of Moreno Valley	87,000	76,300	10,800	12.4%
Riverside County	944,500	828,800	115,600	12.3
State of California	18,519,000	16,589,700	1,929,300	10.4
United States[4]	154,975,000	142,469,000	12,506,000	8.1
2013				
City of Moreno Valley	87,700	78,500	9,200	10.5%
Riverside County	953,200	855,300	97,900	10.3
State of California	18,596,800	16,933,300	1,663,500	8.9
United States[4]	155,389,000	143,929,000	11,460,000	7.4
2014				
City of Moreno Valley	89,100	81,300	7,800	8.7%
Riverside County	1,011,500	928,200	83,400	8.2
State of California	18,811,400	17,397,100	1,414,300	7.5
United States[4]	155,922,000	146,305,000	9,617,000	6.2
2015				
City of Moreno Valley	91,000	84,500	6,500	7.1%
Riverside County	1,035,200	965,500	69,600	6.7
State of California	18,981,800	17,798,600	1,183,200	6.2
United States[4]	157,130,000	148,834,000	8,296,000	5.3
2016				
City of Moreno Valley	92,400	86,400	6,000	6.5%
Riverside County	1,051,800	988,000	63,800	6.1
California	19,102,700	18,065,000	1,037,700	5.4
United States[4]	159,187,000	151,436,000	7,751,000	4.9

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years.

Source: California Employment Development Department, March 2016 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

The following tables show the largest employers located in the City and the County as of Fiscal Year 2016.

CITY OF MORENO VALLEY - MAJOR EMPLOYERS – 2016

Employer	***Number of Employees***
March Air Reserve Base	8,600
Amazon.com, Inc.	7,500
Moreno Valley Unified School District	3,489
Riverside University Health System	2,987
Ross Dress for Less / D D's Discounts	1,921
Moreno Valley Mall (excludes major tenants)	1,390
Harbor Freight Tools	800
Kaiser Permanente Community Hospital	789
Val Verde Unified School District (MV only)	680
Walgreens	600

Source: City of Moreno Valley Fiscal Year Ending June 30, 2016 CAFR.

LARGEST EMPLOYERS
County of Riverside
2016

Rank	***Name of Business***	***Employees***	***Type of Business***
1.	County of Riverside	21,479	County Government
2.	March Air Reserve Base	8,500	Military Reserve Base
3.	University of California, Riverside	8,306	University
4.	Amazon	7,500	Electronic Commerce
5.	Stater Bros. Markets	6,900	Supermarkets
6.	Kaiser Permanente Riverside Medical Center	5,300	Medical Center
7.	Corona-Norco Unified School District	5,098	School District
8.	Desert Sands Unified School District	4,202	School District
9.	Riverside Unified School District	3,973	School District
10.	Pechanga Resort & Casino	3,931	Hotel & Casino

Source: County of Riverside 'Comprehensive Annual Financial Report' for the year ending June 30, 2016.

Industry

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Metropolitan Statistical Area ("MSA"). This labor market area, as defined for reporting purposes by the California Employment Development Department, has boundaries coterminous with those of Riverside and San Bernardino Counties. The following table represents the Annual Average Labor Force and Industry Employment for the MSA for the period from 2012 through 2016.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2012	*2013*	*2014*	*2015*	*2016*
Civilian Labor Force	1,882,900	1,897,000	1,919,900	1,961,800	1,987,400
Civilian Employment	1,665,600	1,710,500	1,763,300	1,832,300	1,870,200
Civilian Unemployment	217,300	186,500	156,600	129,500	117,200
Civilian Unemployment Rate	11.5%	9.8%	8.2%	6.6%	5.9%
Total Farm	15,000	14,500	14,400	14,800	14,700
Total Nonfarm	1,185,200	1,233,300	1,289,300	1,353,100	1,400,800
Total Private	960,600	1,008,100	1,060,500	1,119,800	1,160,300
Goods Producing	150,500	158,600	170,200	182,100	192,300
Mining and Logging	1,200	1,200	1,300	1,300	900
Construction	62,600	70,000	77,600	85,700	92,500
Manufacturing	86,700	87,300	91,300	96,100	98,900
Service Providing	1,034,700	1,074,700	1,119,100	1,170,100	1,208,508
Trade, Transportation and Utilities	287,600	299,700	314,900	332,000	346,300
Wholesale Trade	52,200	56,400	58,900	61,600	62,900
Retail Trade	162,400	164,800	169,400	174,300	179,800
Transportation, Warehousing and Utilities	73,000	78,400	86,600	97,400	104,400
Information	11,700	11,500	11,300	11,400	11,600
Financial Activities	40,200	41,300	42,300	43,900	45,300
Professional and Business Services	127,500	132,400	139,300	147,400	145,800
Educational and Health Services	173,600	187,600	194,800	205,100	214,300
Leisure and Hospitality	129,400	135,900	144,800	151,700	159,700
Other Services	40,100	41,100	43,000	44,000	45,100
Government	224,600	225,200	228,800	233,300	240,500
Total, All Industries	1,200,200	1,247,800	1,303,700	1,362,400	1,415,400

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix H.

Source: State of California, Employment Development Department, March 2016 Benchmark.

Assessed Valuation

The table below sets forth the City's assessed valuation of property for Fiscal Years 2010 through 2016.

ASSESSED VALUATION OF TAXABLE PROPERTY
City of Moreno Valley
Fiscal Years 2010 through 2016
(Dollars in Thousands)

Fiscal Year Ended June 30	*Secured Value*	*Unsecured Value*	*Total Assessed and Estimated Full Value*
2010	$10,625,910	$236,904	$10,862,814
2011	10,516,338	238,786	10,755,124
2012	10,561,585	271,336	10,832,921
2013	10,646,415	342,094	10,988,509
2014	11,042,637	352,337	11,394,974
2015	12,102,252	366,400	12,468,652
2016	12,991,881	486,350	13,478,231

Source: City of Moreno Valley Comprehensive Annual Financial Report for the year ending June 30, 2016.

Tax Levy and Tax Collection

Below is a summary of the property tax levies and total collections for Fiscal Years 2010 through 2016.

PROPERTY TAX LEVIES AND COLLECTIONS
City of Moreno Valley
Fiscal Years 2010 through 2016

Fiscal Year Ended June 30	*Taxes Levied*	*Collected within the Fiscal Year of Levy*		*Collections in Subsequent Years*	*Total Collections to Date*	
		Amount	*Percent of Levy*		*Amount*	*Percent of Levy*
2010	$35,573,656	$35,492,693	99.77%	$80,963	$35,573,656	100.00%
2011	33,713,334	33,658,226	99.84	55,108	33,713,334	100.00
2012	33,226,437	33,172,713	99.84	53,724	33,226,437	100.00
2013	25,630,602	25,580,901	99.81[(1)]	49,701	25,630,602	100.00
2014	26,906,254	26,862,040	99.84	44,214	26,906,254	100.00
2015	26,455,986	26,154,116	98.86	301,870	26,455,986	100.00
2016	27,643,578	27,249,232	98.57	--	27,249,232	98.57

(1) Beginning in Fiscal Year 2013, redevelopment tax increment was no longer included in the calculation for the levy and the collections.
Source: City of Moreno Valley Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016.

Largest Taxpayers

The principal property taxpayers in the City for 2016 are as follows:

Taxpayer	*2016 Assessed Valuation*	*% of Total Assessed Valuation*
HF Logistics SKX T1 (Skechers)	$ 220,979,063	1.67%
FR California Indian Avenue	168,378,744	1.27
Ross Dress for Less, Inc.	137,855,825	1.04
Walgreen Company	117,547,840	0.89
Golden State FC LLC	108,546,560	0.82
First Industrial LP	96,338,637	0.73
IIT Inland Empire Logistics Center	92,170,534	0.70
Kaiser Foundation Hospitals	80,446,780	0.68
Stonegate 552	84,647,427	0.64
I 215 Logistics	83,965,386	0.64
TOTAL:	$ 1,200,514,939	9.08%

Source: City of Moreno Valley Fiscal Year Ending June 30, 2016 CAFR.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2012 through 2016 are shown in the following tables for both the County and the City.

BUILDING PERMIT VALUATIONS
County of Riverside
2012 through 2016
(Valuation in Thousands of Dollars)

	2012	*2013*	*2014*	*2015*	*2016*
Valuation ($000):					
Residential	$1,079,405	$1,375,593	$1,621,751	$1,536,742	$1,759,534
Non-residential	657,596	790,000	814,990	911,465	1,346,020
Total*	$1,737,001	$2,165,593	$2,436,741	$2,448,207	$3,105,554
Residential Units:					
Single family	3,720	4,716	5,007	5,007	5,662
Multiple family	909	1,427	1,931	1,189	1,039
Total	4,629	6,143	6,938	6,196	6,701

* Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMIT VALUATIONS
City of Moreno Valley
2012 through 2016

	2012	*2013*	*2014*	*2015*	*2016*
Valuation ($000's)					
Residential	$ 16,645	$ 49,679	$ 15,229	$ 46,986	$ 53,040
Non-Residential	12,776	109,568	160,366	101,190	40,354
Total	$ 29,421	$159,247	$175,595	$148,176	$ 93,394
Units					
Single Family	12	133	46	133	100
Multiple Family	54	60	0	0	112
Total	66	193	46	133	212

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Commercial Activity

Trade outlet and retail sales activity are summarized below based on reports of the State Board of Equalization.

TOTAL TAXABLE TRANSACTIONS AND NUMBER OF SALES PERMITS
City of Moreno Valley
2010 through 2015
(Dollars in Thousands)

Calendar Year	*Total Retail Stores*	*Total Retail Stores Permits*	*Total Taxable Transactions*	*Total Issued Permits*
2010	$ 994,464	1,652	$1,067,546	2,154
2011	1,092,691	1,693	1,172,223	2,198
2012	1,185,877	1,732	1,275,922	2,231
2013	1,240,243	1,616	1,349,129	2,116
2014	1,307,780	1,688	1,475,946	2,181
2015	1,366,324	1,920	1,524,713	2,629

Source: California State Board of Equalization.

RETAIL SALES
City of Moreno Valley
2011 through 2015
(Dollars in Thousands)

Type of Business	*2011*	*2012*	*2013*	*2014*	*2015*
Apparel Stores	$ 74,107	$ 87,871	$ 98,978	$ 104,758	$ 115,698
General Merchandise Stores	250,607	255,502	258,862	267,507	235,730
Food Stores	82,516	84,447	84,981	90,389	134,663
Eating/Drinking Places	161,054	174,706	186,885	203,353	225,406
Home Furnishing	23,044	16,927	12,361	11,764	23,396
Building Materials	79,177	85,822	91,247	99,220	108,405
Auto Dealers	150,504	205,299	230,751	252,500	284,896
Service Stations	197,564	199,696	197,899	199,145	155,837
Other Retail Stores	74,118	75,607	78,280	79,144	82,294
Retail Stores Totals	$ 1,092,691	$ 1,185,877	$ 1,240,243	$ 1,307,780	$ 1,366,324
All Other Outlets	79,532	90,045	108,886	161,167	158,388
Total All Outlets	$ 1,172,223	$ 1,275,922	$ 1,349,129	$ 1,475,946	$ 1,524,713

Source: California State Board of Equalization.

The table below presents taxable sales for the years 2007 through 2015 for the County.

County of Riverside
2007 through 2015[(1)]
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2007	45,279	$29,023,609
2008	46,272	26,003,595
2009	42,765	22,227,877
2010	45,688	23,152,780
2011	46,886	25,641,497
2012	48,316	28,096,009
2013	46,805	30,065,467
2014	48,453	32,035,687
2015[(1)]	56,846[(1)]	32,910,910[(1)]

(1) Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.

Source: California State Board of Equalization, Research and Statistics Division.

Personal Income

The following tables show the personal income and per capita personal income for the City, County, State of California and United States from 2010 through 2016.

PERSONAL INCOME
City of Moreno Valley, County of Riverside, State of California, and United States
2010 through 2016[1]

Year	*City of Moreno Valley*	*County of Riverside*	*California*	*United States*
2010	$3,836,808	$66,904,690	$1,617,134,250	$12,459,613,000
2011	3,463,419	71,213,948	1,727,433,579	13,233,436,000
2012	3,491,186	73,158,724	1,838,567,162	13,904,485,000
2013	3,615,062	75,223,346	1,861,956,514	14,068,960,000
2014	3,612,548	78,852,989	1,977,923,740	14,801,624,000
2015	3,704,415	84,025,987	2,103,669,473	15,463,981,000
2016	3,671,016	n/a[1]	2,197,492,012	16,017,781,445

Note: Dollars in Thousands.
(1) 2016 figures not yet available for County of Riverside.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2016 CAFR.

PER CAPITA PERSONAL INCOME[1]
City of Moreno Valley, County of Riverside, State of California, and United States
2010 through 2016[2]

Year	*City of Moreno Valley*	*County of Riverside*	*California*	*United States*
2010	$19,230	$30,380	$43,315	$40,277
2011	17,519	31,828	45,820	42,453
2012	17,425	32,263	48,312	44,267
2013	18,246	32,765	48,471	44,462
2014	18,130	33,867	50,988	46,414
2015	18,186	35,589	53,741	48,112
2016	17,874	n/a[1]	55,987	49,571

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
(2) 2016 figures not yet available for County of Riverside.
Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2016 CAFR.

Agriculture

Agriculture is a significant source of income in the County. In 2015, principal agricultural products were milk, nursery stock, table grapes, lemons, hay, eggs, bell peppers, dates, carrots and grapefruit.

Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border. The County, and all of Southern California, recently experienced a severe drought. The City cannot predict whether a severe drought will recur or determine the impact that a prolonged drought would have on agricultural production in the County.

The following table sets forth the value of agricultural production in the County for the years 2011 through 2015.

COUNTY OF RIVERSIDE
VALUE OF AGRICULTURAL PRODUCTION

	2011	*2012*	*2013*	*2014*	*2015*
Citrus Fruits	$ 119,942,513	$ 125,711,000	$ 142,404,000	$ 170,891,000	$ 199,772,000
Trees and Vines	232,649,262	217,214,000	232,536,000	223,593,000	234,928,000
Vegetables, Melons, Misc.	278,628,295	286,234,000	340,407,000	337,404,000	327,199,000
Field and Seed Crops	149,198,052	147,352,000	154,582,000	156,575,000	122,794,000
Nursery	200,154,964	190,878,100	191,215,000	172,910,000	158,648,000
Apiculture	4,844,400	4,983,400	4,715,000	4,819,000	4,897,000
Aquaculture	4,808,250	4,205,000	2,262,000	5,078,000	5,397,000
Livestock and Poultry	292,030,380	276,553,000	259,683,000	290,746,000	260,015,000
Grand Total	$ 1,282,256,116	$ 1,253,130,000	$ 1,327,804,000	$ 1,362,016,000	$ 1,313,650,000

Source: Riverside County Agricultural Commissioner.

Utilities

The City receives water service from the Eastern Municipal Water District and Box Springs Mutual Water Company. The City is also serviced by Frontier (formerly Verizon) and Southern California Gas Company. Electrical service for most of the City's developed areas is provided by Southern California Edison. The City has established Moreno Valley Electric Utility ("MVU") that is providing service for the remainder of the south and east ends of the City.

Transportation

The City is centrally located within the Inland Empire. Highways passing through the City include California State Highway 60 and Interstate 215. California State Highway 60 connects in Riverside to California State Highway 91, which connects to Orange County and Long Beach. California State Highway 60 and Interstate 215 provide access Interstate 10 within 15 miles of the City. Rail service in the City includes the Burlington Northern Santa Fe branch line. The main line service in Riverside has stop locations at the Union Pacific, Southern Pacific and Burlington Northern Santa Fe stations. Metrolink commuter rail service is available in Perris and in Riverside to Los Angeles and Orange County.

Ontario International Airport (owned and operated by Los Angeles World Airports), approximately 31 miles northwest of the City, is served by AeroMexico, Alaska Airlines, American Airlines, Delta Air Lines, Southwest Airlines, United Airlines/United Express, US Airways and Volaris. Various airlines provide freight services at Ontario International Airport. Riverside Municipal Airport has general aviation facilities with 5,400 feet and 1,600 feet runways.

Education

The City is served by two public school districts: Moreno Valley Unified School District with an approximate enrollment of 35,068 students and Val Verde Unified School District with an approximate enrollment of 20,500 students. Moreno Valley Unified School District has 23 elementary schools, six middle schools, four comprehensive high schools, one charter school, one adult school, one continuation school, a community day school, one pre-school and one academic center. Val Verde Unified School District serves the communities of Perris, Mead Valley and Moreno Valley. Val Verde Unified District has one pre-school, 13 elementary schools, four middle schools, three high schools and one continuation high school.

The City is also home to Moreno Valley Community College.

Recreation and Culture

Lake Perris State Park offers boating, swimming, water-skiing, fishing and camping within its 8,300 acres. Box Springs Mountain Park provides trails for hiking and horseback riding. The City's centralized location allows residents to visit nearby mountain resorts, Palm Springs and the beach cities with relative ease. The City's park system consists of 29 parks with 328 acres. The City offers a variety of recreational activities for adults and youth. The City is served by the City's library system.

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SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF MORENO VALLEY • SUBORDINATE TAX ALLOCATION REFUNDING BONDS, SERIES 2017

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