

**CITY OF MERCED  
COMMUNITY FACILITY DISTRICT NO. 2006-1  
(MORAGA OF MERCED)  
\$5,840,000 SPECIAL TAX BONDS, 2006**

**Merced, California  
Dated: December 14, 2006  
CUSIP: 587626**



**2007/2008 ANNUAL CONTINUING DISCLOSURE  
INFORMATION STATEMENT  
AS OF JANUARY 30, 2009**

# LIST OF PARTICIPANTS

<b>CITY OF MERCED</b>
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U.S. Bank National Association San Francisco, California

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

## ***I. INTRODUCTION***

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Pursuant to an Official Statement dated November 30, 2006, the City of Merced (the "City") issued \$5,840,000 Special Tax Bonds, 2006 (the "2006 Bonds") to finance the acquisition and/or construction of certain water, sewer, storm drainage, and street improvements, and other public capital improvements, fund a Reserve Fund and Capitalized Interest on the 2006 Bonds and pay costs of issuance for the 2006 Bonds.

The City, which comprises approximately 22.76 square miles, is located in the County of Merced in the heart of San Joaquin Valley approximately 110 miles southeast of San Francisco and 310 miles northwest of Los Angeles.

Moraga of Merced Development (the "Development") within the City makes up the boundaries of the District. The District is located in the northeastern section of the City, south of Yosemite Avenue and east of McKee Road in an area with a mix of existing housing and agricultural use land.

The District consists of approximately 110 acres with an estimated build out of 520 residential dwelling units in three distinct neighborhoods surrounding a community park consisting of 7.16 acres.

The Bonds are special tax bonds secured by special taxes (the "Special Taxes") levied on the properties in the District. The Bonds are not a debt of the City, the State of California, or any of its political subdivisions and neither the City, the State of California, nor any of its political subdivisions is liable. The Bonds do not constitute indebtedness within the meaning of any constitutional or statutory debt limit or restriction.

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

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

## II. BOND INFORMATION

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### A. MATURITY SCHEDULE

Date	Principal	Interest	Annual Debt Service
01-Sep-09	105,000.00	272,162.50	377,162.50
01-Sep-10	110,000.00	268,225.00	378,225.00
01-Sep-11	115,000.00	263,990.00	378,990.00
01-Sep-12	120,000.00	259,390.00	379,390.00
01-Sep-13	125,000.00	254,590.00	379,590.00
01-Sep-14	130,000.00	249,465.00	379,465.00
01-Sep-15	135,000.00	244,005.00	379,005.00
01-Sep-16	140,000.00	238,200.00	378,200.00
01-Sep-17	150,000.00	232,040.00	382,040.00
01-Sep-18	155,000.00	225,440.00	380,440.00
01-Sep-19	160,000.00	218,465.00	378,465.00
01-Sep-20	170,000.00	211,265.00	381,265.00
01-Sep-21	175,000.00	203,445.00	378,445.00
01-Sep-22	185,000.00	195,220.00	380,220.00
01-Sep-23	195,000.00	186,340.00	381,340.00
01-Sep-24	205,000.00	176,980.00	381,980.00
01-Sep-25	210,000.00	167,140.00	377,140.00
01-Sep-26	220,000.00	157,060.00	377,060.00
01-Sep-27	235,000.00	146,500.00	381,500.00
01-Sep-28	245,000.00	134,750.00	379,750.00
01-Sep-29	255,000.00	122,500.00	377,500.00
01-Sep-30	270,000.00	109,750.00	379,750.00
01-Sep-31	285,000.00	96,250.00	381,250.00
01-Sep-32	295,000.00	82,000.00	377,000.00
01-Sep-33	310,000.00	67,250.00	377,250.00
01-Sep-34	330,000.00	51,750.00	381,750.00
01-Sep-35	345,000.00	35,250.00	380,250.00
01-Sep-36	360,000.00	18,000.00	378,000.00
<b>Total Outstanding</b>	<b>\$5,735,000.00</b>	<b>\$4,887,422.50</b>	<b>\$10,622,422.50</b>

**B. FUND BALANCES**

<b>Funds</b>	<b>As of December 31, 2008</b>
Improvement Fund	\$0
Reserve Fund	382,041
Reserve Requirement	382,040

**C. STATUS OF CONSTRUCTION**

<b>CFD Facilities</b>	<b>Percent Complete</b>
Yosemite Avenue Improvements	100%
Water Improvements	100%
Sewer Lift Station & Force Main	100%
Storm Drainage Improvements	100%
Traffic Signals	100%

***III. FINANCIAL INFORMATION***

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The audited financial statements for the Agency for the Fiscal Year ending June 30, 2008 will be separately filed with the Nationally Recognized Municipal Securities Information Repositories and are hereby incorporated by reference into this Annual Continuing Disclosure Information Statement.

## IV. OPERATING INFORMATION

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### A. ASSESSED VALUATION

Type of Property	Parcel Count	FY 2008/09 Assessed Land	FY 2008/09 Assessed Structure	FY 2008/09 Assessed Total
Developed	38	\$4,277,207	\$9,183,200	\$13,460,407
Undeveloped	251	6,025,000	0	6,025,000
<b>Total</b>	<b>289</b>	<b>\$10,302,207</b>	<b>\$9,183,200</b>	<b>\$19,485,407</b>

Source: Merced County Secured Roll 2008/09, as compiled by Willdan Financial Services.

### B. DELINQUENCY SUMMARY

Fiscal Year	Number of Parcels Levied	Number of Parcels Delinquent	Annual Assessment	Delinquent Assessment Amount <sup>(1)</sup>	Percent of Assessment Delinquent
2007/08	289	1	\$412,240	\$734	0.18%

(1) Source: Merced County as of 12/31/2008, as compiled by Willdan Financial Services.

### C. DELINQUENCY DETAIL

Assessor's Parcel Number	Total Delinquent Amount Due	Earliest Delinquent Date	Actions Taken
008-412-034-000	\$734	12/10/2007	Reminder & Demand Letters Sent Out

Source: Merced County as of 12/31/2008, as compiled by Willdan Financial Services.

### D. PREPAYMENTS

There are currently no prepaid parcels in the District.

**E. LAND OWNERSHIP**

The following table summarizes ownership in the District for property owners that are responsible for 10% or more of the Special Tax in the District. The information in this table is based on the Merced County 2008/09 Secured Property Roll and does not reflect any subsequent development or change of ownership.

<b>Property Owner</b>	<b>Number of Parcels</b>	<b>FY 2008/09 Assessed Land</b>	<b>FY 2008/09 Assessed Structure</b>	<b>FY 2008/09 Assessed Total</b>	<b>FY 2008/09 Special Tax</b>	<b>Percent of Special Tax</b>
LAKEMONT LWH LLC	273	\$8,911,565	\$5,079,000	\$13,990,565	\$388,721	96.45%
Other Property Owners	16	1,390,642	4,104,200	5,494,842	14,300	3.55%
<b>Total</b>	<b>289</b>	<b>\$10,302,207</b>	<b>\$9,183,200</b>	<b>\$19,485,407</b>	<b>\$403,021</b>	<b>100.00%</b>

Source: Merced County Secured Roll 2008/09, as compiled by Willdan Financial Services.

**F. DEVELOPED/UNDEVELOPED**

<b>Status</b>	<b>FY 2008/09 Special Tax</b>	<b>Percent of Special Tax</b>
Developed	\$197,474	49.00%
Undeveloped	205,547	51.00%
<b>Total</b>	<b>\$403,021</b>	<b>100.00%</b>

Source: County of Merced, Secured Roll 2008/09, as compiled by Willdan Financial Services

**G. RATE AND METHOD OF APPORTIONMENT**

There have been no modifications to the Rate and Method of Apportionment.

**H. SB 165 REPORTING REQUIREMENTS**

The Special Tax revenues and all monies deposited into the account are dedicated in their entirety to the payment of the principal of the Bonds, and interest and any premium on, the Bonds, as provided in the Mello-Roos Community Facilities Act ("Act") of 1982, until all of the Bonds have been paid and retired or until moneys or Defeasance Securities have been set aside irrevocably for that purpose in accordance with Section 9.03 of the Fiscal Agent Agreement (Discharge of Agreement).

The following table summarizes the amount of funds collected and expended for the year for Community Facilities District 2006-1, in accordance with the regulation specified for SB165 (Government Code Section 50075.1 to 50075.3). The information in this table is a summary of the City of Merced's Cash Flow Statement for fiscal year 2007/2008.

### Funds Collected

Interest	\$14,973
Proceeds from Debt	0
Assessments	327,117
<b>Total Revenue</b>	<b>\$342,090</b>
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Bond Interest	\$276,047
Bond Principal	0
Fiscal Agent Fees	2,175
Professional Services	3,702
Support Services	421
Admin	18,793
Direct Service Charges	672
<b>Total Expense</b>	<b>\$301,810</b>
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Fund Balance Beginning of Year – Adjusted	\$578,549
Fund Balance End of Year	618,829
<b>Net Change in Fund Balance</b>	<b>\$40,280</b>