

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the 2021 Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the 2021 Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS.”

\$30,985,000

**MORENO VALLEY PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2021 (TAXABLE)**

Dated: Date of Delivery

Due: May 1, as shown on inside front cover page

The Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2021 (Taxable) (the “**Series 2021 Bonds**”) are payable from base rental payments (the “**Base Rental Payments**”) to be made by the City of Moreno Valley (the “**City**”) to the Moreno Valley Public Financing Authority (the “**Authority**”) for the right to use certain real property (collectively, the “**Property**”) pursuant to a Master Facilities Sublease, dated as of December 1, 2015, as amended and supplemented by a First Amendment to Master Facilities Sublease, dated as of December 1, 2016, a Second Amendment to Master Facilities Sublease, dated as of April 1, 2019, and a Third Amendment to Master Facilities Sublease, dated as of October 1, 2021 (collectively, the “**Facilities Sublease**”), each by and between the City, as sublessee, and the Authority, as lessor. See the captions “**THE PROPERTY**” and “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS**.”

The Series 2021 Bonds are secured on a parity with the Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2019 (Taxable), issued in the aggregate principal amount of \$15,830,000 and currently outstanding in the aggregate principal amount of \$15,830,000 (the “**Series 2019 Bonds**”).

The Series 2021 Bonds are being issued to provide funds: (i) to refund all of the outstanding Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2015 (Taxable) and Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (Taxable); (ii) to purchase a municipal bond insurance policy (the “**Policy**”) from Assured Guaranty Municipal Corp. (“**AGM**” or the “**Insurer**”) to guarantee the payment of principal of and interest on the Series 2021 Bonds maturing on May 1 of the years 2027 through 2045, inclusive; (iii) to purchase a municipal bond debt service reserve insurance policy (the “**Reserve Policy**”) from the Insurer for deposit in the Reserve Fund for the Series 2021 Bonds; and (iv) to pay costs incurred in connection with the issuance of the Series 2021 Bonds. See the captions “**THE REFUNDING PLAN**” and “**SOURCES AND USES OF FUNDS**.”

The City has covenanted under the Facilities Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due thereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which by reason of any material damage or destruction (other than by condemnation) there is substantial interference with the use and occupancy of the Property by the City, in the proportion in which the cost of that portion of the Property rendered unusable bears to the cost of the whole of the Property. See the caption “**RISK FACTORS—Abatement**.”

The Series 2021 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). Interest on the Series 2021 Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2022. Purchasers will not receive certificates representing their interest in the Series 2021 Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2021 Bonds will be paid by Wells Fargo Bank, National Association, as trustee (the “**Trustee**”), to DTC for subsequent disbursement to DTC Participants, who are obligated to remit such payments to the Beneficial Owners of the Series 2021 Bonds. See the caption “**THE SERIES 2021 BONDS—Book-Entry Only System**.”

The Series 2021 Bonds will be issued pursuant to a Master Trust Agreement, dated as of December 1, 2015, as amended and supplemented by a First Supplement to Master Trust Agreement, dated as of December 1, 2016, a Second Supplement to Master Trust Agreement, dated as of April 1, 2019, and a Third Supplement to Master Trust Agreement, dated as of October 1, 2021 (collectively, the “**Trust Agreement**”) each by and between the Authority and the Trustee. The Series 2021 Bonds, the Series 2019 Bonds and any additional bonds issued pursuant to the Trust Agreement (“**Additional Bonds**”) are collectively referred to as the “**Bonds**.”

*The Series 2021 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity and extraordinary redemption from insurance or condemnation proceeds as described herein. See the caption “**THE SERIES 2021 BONDS—Redemption**.”*

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues described herein, and the Authority is not obligated to pay them except from the Revenues. All of the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided herein.

The Series 2021 Bonds are not a debt of the City, the State of the California (the “State”) or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable thereon, nor in any event shall the Series 2021 Bonds be payable out of any funds or properties other than those of the Authority as described herein. The Series 2021 Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

The scheduled payment of principal of and interest on the Series 2021 Bonds maturing on May 1 of the years 2027 through 2045, inclusive (the “**Insured Bonds**”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2021 Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



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

The Series 2021 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney and counsel to the Authority, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Underwriter by Kutak Rock LLP, Irvine, California, for the Trustee by its counsel and for the Insurer by its counsel. It is anticipated that the Series 2021 Bonds will be available for delivery through the facilities of DTC on or about October 12, 2021.



\$30,985,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2021 (TAXABLE)

MATURITY SCHEDULE

BASE CUSIP^{®†}: 61685P

<i>Maturity Date (May 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP^{®†}</i>
2022	\$1,730,000	0.183%	0.183%	100.000	EE4
2023	1,445,000	0.333	0.333	100.000	EF1
2024	1,450,000	0.651	0.651	100.000	EG9
2025	1,460,000	0.910	0.910	100.000	EH7
2026	1,470,000	1.140	1.140	100.000	EJ3
2027*	1,490,000	1.415	1.415	100.000	EK0
2028*	1,505,000	1.615	1.615	100.000	EL8
2029*	1,535,000	1.854	1.854	100.000	EM6
2030*	1,560,000	2.024	2.024	100.000	EN4
2031*	1,590,000	2.204	2.204	100.000	EP9
2032*	1,625,000	2.354	2.354	100.000	EQ7
2033*	1,665,000	2.504	2.504	100.000	ER5
2034*	1,705,000	2.654	2.654	100.000	ES3
2035*	1,760,000	2.754	2.754	100.000	ET1
2036*	1,795,000	2.824	2.824	100.000	EU8

\$7,200,000 3.100% Term Series 2021 Bonds due May 1, 2045* – Yield: 3.100%, Price: 100.000, CUSIP^{®†}: EV6

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* Insured Bond.

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Series 2021 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2021 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Series 2021 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or 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.

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 a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2021 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions “CITY FINANCIAL INFORMATION” and “RISK FACTORS.”

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE CITY NOR THE AUTHORITY PLANS TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2021 BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR

MAINTAIN THE MARKET PRICE OF THE SERIES 2021 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE SERIES 2021 BONDS TO CERTAIN DEALERS, DEALER BANKS, BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE INSIDE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2021 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2021 Bonds.

Assured Guaranty Municipal Corp. (“AGM”) makes no representation regarding the Series 2021 Bonds or the advisability of investing in the Series 2021 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 “BOND INSURANCE” and Appendix G—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

CITY OF MORENO VALLEY

MAYOR AND MEMBERS OF THE CITY COUNCIL

Dr. Yxstian Gutierrez, Mayor
Victoria Baca, Mayor Pro Tem
Vacant, Councilmember, District 2*
David Marquez, Councilmember, District 3
Ulises Cabrera, Councilmember, District 4

MORENO VALLEY PUBLIC FINANCING AUTHORITY

Dr. Yxstian Gutierrez, Chair
Victoria Baca, Vice Chair
David Marquez, Boardmember
Ulises Cabrera, Boardmember

STAFF

Mike Lee, City Manager/Authority Executive Director
Steve Quintanilla, Interim City Attorney
Brian Mohan, Assistant City Manager and Chief Financial Officer/Authority Treasurer
Brooke McKinney, Treasury Operations Division Manager
Jeanette Olko, Electric Utility Division Manager
Pat Jacquez-Nares, City Clerk/Authority Secretary

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth
Newport Beach, California

Municipal Advisor

Fieldman Rolapp & Associates, Inc.
Irvine, California

Trustee

Wells Fargo Bank, National Association
Los Angeles, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

* This seat is currently vacant. An election to fill the seat is scheduled for November 2, 2021.

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\$30,985,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2021 (TAXABLE)

INTRODUCTION

General

This Official Statement, which includes the front cover page, the inside front cover page and the appendices (the “**Official Statement**”), provides certain information concerning the sale and delivery of the \$30,985,000 aggregate principal amount of Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2021 (Taxable) (the “**Series 2021 Bonds**”). The Series 2021 Bonds are being issued by the Moreno Valley Public Financing Authority (the “**Authority**”) pursuant to a Master Trust Agreement, dated as of December 1, 2015 (the “**2015 Master Trust Agreement**”), as amended and supplemented by a First Supplement to Master Trust Agreement, dated as of December 1, 2016 (the “**First Supplement to the 2015 Master Trust Agreement**”), a Second Supplement to Master Trust Agreement, dated as of April 1, 2019 (the “**Second Supplement to the 2015 Master Trust Agreement**”), and a Third Supplement to Master Trust Agreement, dated as of October 1, 2021 (the “**Third Supplement to the 2015 Master Trust Agreement**,” and together with the 2015 Master Trust Agreement, the First Supplement to the 2015 Master Trust Agreement and the Second Supplement to the 2015 Master Trust Agreement, the “**Trust Agreement**”), each by and between the Authority and the Wells Fargo Bank, National Association, as trustee (the “**Trustee**”).

The net proceeds of the sale of the Series 2021 Bonds will be used: (i) to refund the Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2015 (Taxable) (the “**Series 2015 Bonds**”), which are currently outstanding in the aggregate principal amount of \$9,425,000, in full, and to refund the Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2016 (Taxable) (the “**Series 2016 Bonds**”), which are currently outstanding in the aggregate principal amount of \$20,410,000, in full; (ii) to purchase a Municipal Bond Insurance Policy (the “**Policy**”) from Assured Guaranty Municipal Corp. (“**AGM**” or the “**Insurer**”) to guarantee the payment of principal of and interest on the Series 2021 Bonds maturing on May 1 of the years 2027 through 2045, inclusive (the “**Insured Bonds**”); (iii) to purchase a municipal bond debt service reserve insurance policy (the “**Reserve Policy**”) from the Insurer for deposit in the Reserve Fund for the Series 2021 Bonds; and (iv) to pay costs incurred in connection with the issuance of the Series 2021 Bonds. See the captions “THE REFUNDING PLAN,” “BOND INSURANCE” and “SOURCES AND USES OF FUNDS.”

Security for the Series 2021 Bonds

Pursuant to a Master Facilities Lease, dated as of December 1, 2015 (the “**2015 Master Facilities Lease**”), as amended by a First Amendment to Master Facilities Lease, dated as of December 1, 2016 (the “**First Amendment to the 2015 Master Facilities Lease**”), a Second Amendment to Master Facilities Lease, dated as of April 1, 2019 (the “**Second Amendment to the 2015 Master Facilities Lease**”), and a Third Amendment to Master Facilities Lease, dated as of October 1, 2021 (the “**Third Amendment to the 2015 Master Facilities Lease**,” and together with the 2015 Master Facilities Lease, the First Amendment to the 2015 Master Facilities Lease and the Second Amendment to the 2015 Master Facilities Lease, the “**Facilities Lease**”), each by and between the City of Moreno Valley (the “**City**”), as lessor, and the Authority, as lessee, the City has leased and will lease, in connection with the issuance of the Series 2021 Bonds, certain real property and improvements owned by the City (collectively, the “**Property**”) to the Authority in consideration for the Authority’s assistance in issuing the Series 2021 Bonds.

Pursuant to a Master Facilities Sublease, dated as of December 1, 2015 (the “**2015 Master Facilities Sublease**”), as amended and supplemented by a First Amendment to Master Facilities Sublease, dated as of December 1, 2016 (the “**First Amendment to the 2015 Master Facilities Sublease**”), a Second Amendment to Master Facilities Sublease, dated as of April 1, 2019 (the “**Second Amendment to the 2015 Master**

Facilities Sublease”), and a Third Amendment to Master Facilities Sublease, dated as of October 1, 2021 (the **“Third Amendment to the 2015 Master Facilities Sublease,”** and together with the 2015 Master Facilities Sublease, the First Amendment to the 2015 Master Facilities Sublease and the Second Amendment to the 2015 Master Facilities Sublease, the **“Facilities Sublease”**), the Authority has subleased and will sublease, in connection with the issuance of the Series 2021 Bonds, the Property back to the City in consideration for the payment of rental payments (the **“Base Rental Payments”**) to be made by the City for the right to use the Property.

The Series 2021 Bonds are secured on a parity with the Moreno Valley Public Financing Authority Lease Revenue Bonds, Series 2019 (Taxable), issued in the aggregate principal amount of \$15,830,000 pursuant to the Trust Agreement and currently outstanding in the aggregate principal amount of \$15,830,000 (the **“Series 2019 Bonds”**). Pursuant to the Trust Agreement, the Authority may issue additional bonds (the **“Additional Bonds”**) payable from the Base Rental Payments on a parity with the Series 2021 Bonds and the Series 2019 Bonds. The Series 2021 Bonds, the Series 2019 Bonds and any such Additional Bonds are collectively referred to as the **“Bonds.”** See the caption **“SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Additional Bonds.”**

The Bonds are equally and ratably payable from: (i) the Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facilities Sublease (but not including Additional Payments as described herein); and (ii) all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facilities Sublease (collectively, the **“Revenues”**). The Authority has assigned its right, title and interest in the Base Rental Payments and its right to enforce remedies under the Facilities Sublease to the Trustee as security for the payment of the Bonds.

The City has covenanted in the Facilities Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due thereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments, subject to abatement as described in this Official Statement.

Revenues of the City’s electric utility (the **“Electric Utility”**) are not pledged as security for the Bonds. However, net revenues of the Electric Utility (revenues remaining after payment of operation and maintenance costs thereof and debt service obligations with respect thereto) are available to pay Base Rental Payments, and the City currently expects to pay all or a portion of Base Rental Payments from such net revenues of the Electric Utility. Notwithstanding the foregoing, the City makes no assurances regarding the amount of net revenues of the Electric Utility or the availability of net revenues of the Electric Utility to pay Base Rental Payments.

The Base Rental Payments and Additional Payments will be abated proportionately, during any period in which by reason of any material damage or destruction (other than by condemnation, which is provided for in the Facilities Sublease) there is substantial interference with the use and occupancy of the Property by the City, in the proportion in which the cost of that portion of the Property rendered unusable bears to the cost of the whole of the Property. See the caption **“RISK FACTORS—Abatement.”** Abatement of Base Rental Payments under the Facilities Sublease, to the extent that payment is not made from alternative sources as described in this Official Statement, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Bonds. To the extent that proceeds of insurance are available, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE SERIES 2021 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE, AS TO INTEREST THEREON, PRINCIPAL THEREOF AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SOLELY FROM THE REVENUES DESCRIBED HEREIN, AND THE AUTHORITY IS NOT OBLIGATED TO PAY THEM EXCEPT FROM THE REVENUES. ALL OF THE BONDS ARE EQUALLY SECURED BY A PLEDGE OF AND CHARGE AND LIEN UPON THE

REVENUES, AND THE REVENUES CONSTITUTE A TRUST FUND FOR THE SECURITY AND PAYMENT OF THE INTEREST ON AND PRINCIPAL OF AND REDEMPTION PREMIUMS, IF ANY, ON THE BONDS AS PROVIDED HEREIN.

THE SERIES 2021 BONDS ARE NOT A DEBT OF THE CITY, THE STATE OF THE CALIFORNIA (THE “STATE”) OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS OTHER THAN THE AUTHORITY) IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2021 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS DESCRIBED HEREIN. THE SERIES 2021 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

Book-Entry Only System

The Series 2021 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Interest on the Series 2021 Bonds is payable semiannually on each May 1 and November 1, commencing May 1, 2022. Purchasers will not receive certificates representing their interest in the Series 2021 Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest on the Series 2021 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which are obligated to remit such payments to the Beneficial Owners of the Series 2021 Bonds. See the caption “THE SERIES 2021 BONDS—Book-Entry Only System.”

Redemption

The Series 2021 Bonds are subject to optional redemption and mandatory sinking fund redemption prior to maturity and extraordinary redemption from insurance or condemnation proceeds as described herein. See the caption “THE SERIES 2021 BONDS—Redemption.”

Bond Insurance

Payment of the principal of and interest on the Insured Bonds will be insured by the Policy to be issued by the Insurer concurrently with the issuance of the Series 2021 Bonds. See the caption “BOND INSURANCE.”

Reserve Fund

A Reserve Fund for the Bonds has been established pursuant to the Trust Agreement. The Insurer has committed to issue, concurrently with the issuance of the Series 2021 Bonds, the Reserve Policy for the benefit of the Series 2021 Bonds in the initial principal amount of \$2,078,403.54, which constitutes the Reserve Fund Requirement with respect to the Series 2021 Bonds. The Reserve Requirement with respect to the Series 2021 Bonds will be in such fixed amount until the final maturity or earlier redemption of the Series 2021 Bonds. The Reserve Policy will be deposited in the Reserve Fund. Neither the Authority nor the City is obligated: (i) to make any additional deposits into the Reserve Fund if Insurer defaults on its obligation to make payments under the Reserve Policy; or (ii) to replace the Reserve Policy if there is a rating downgrade of the Insurer with cash or another surety. The Reserve Policy secures the Series 2021 Bonds alone and is not available for payments on the Series 2019 Bonds or any Additional Bonds. Also on deposit in the Reserve Fund is a reserve policy for the Series 2019 Bonds (issued by the Insurer); amounts drawn under this reserve policy cannot be used to make payments on the Series 2021 Bonds. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Reserve Fund.”

Legal Matters

Wells Fargo Bank, National Association, Los Angeles, California, will act as Trustee with respect to the Series 2021 Bonds. The Series 2021 Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by Steve Quintanilla, Interim City Attorney and counsel to the Authority, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel and for the Insurer by its counsel.

Miscellaneous

The City's financial statements for the fiscal year of the City ended June 30, 2020 (each fiscal year of the City ended June 30, a "**Fiscal Year**") set forth in Appendix B have been audited by Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California (the "**Auditor**"). The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See the caption "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2021 Bonds.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and, except for a budget discussion for Fiscal Year 2021-22, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

The summaries or references to the Trust Agreement, the Facilities Lease, the Facilities Sublease and other documents, agreements and statutes that are referred to herein, and the description of the Series 2021 Bonds that is included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement and not otherwise defined have the meanings set forth in Appendix A.

Changes Since Preliminary Official Statement

Changes have been made to this Official Statement since the Preliminary Official Statement dated September 9, 2021: (i) under the caption "THE PROPERTY—Corporate Yard" and "THE PROPERTY—Summary of Property" to reflect an upcoming sale of 3 parcels which currently comprise a part of the Corporate Yard property; (ii) under the caption "CONTINUING DISCLOSURE" to reflect corrected information with respect to the City's prior compliance with its continuing disclosure undertakings.

THE SERIES 2021 BONDS

General

The Series 2021 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2021 Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside front cover page hereof. Interest on the Series 2021 Bonds will be paid semiannually on each May 1 and November 1, commencing May 1, 2022 (each, an "**Interest Payment Date**").

The Series 2021 Bonds will bear interest from the Interest Payment Date next preceding the date of registration thereof, unless such date of registration is an Interest Payment Date, in which event they shall bear interest from such date, or unless such date of registration is prior to the first Interest Payment Date, in which event they shall bear interest from their dated date. Payment of interest on the Series 2021 Bonds due on or before the maturity or prior redemption thereof will be paid by check mailed by first class mail on each Interest Payment Date to the person in whose name the Series 2021 Bond is registered as of the applicable Record Date for such Interest Payment Date at the address shown on the registration books maintained by the Trustee pursuant to the Trust Agreement; provided, however, that interest on any Series 2021 Bonds will be paid by wire transfer or other means to provide immediately available funds to any Holder of at least \$1,000,000 in aggregate principal amount of such Series 2021 Bonds, at its option, according to wire instructions to an account within the United States of America given to the Trustee in writing for such purpose and on file prior to the applicable Record Date preceding the Interest Payment Date.

Interest on any Series 2021 Bond will cease to accrue: (i) on the maturity date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the principal amount thereof, plus interest accrued thereon to such date; or (ii) on the redemption date thereof, provided that there has been irrevocably deposited with the Trustee an amount sufficient to pay the Redemption Price thereof, plus interest accrued thereon to such date. The Holder of such Series 2021 Bond is not entitled to any other payment, and such Series 2021 Bond will no longer be Outstanding and entitled to the benefits of the Trust Agreement, except for the payment of the principal amount or Redemption Price, of such Series 2021 Bond, as appropriate, from moneys held by the Trustee for such payment.

The principal of the Series 2021 Bonds will be payable by check in lawful money of the United States of America at the Principal Office of the Trustee. No payment of principal will be made on any Series 2021 Bond unless and until such Series 2021 Bond is surrendered to the Trustee for cancellation.

Redemption

Optional Redemption. The Series 2021 Bonds maturing on and after May 1, 2027 are subject to optional redemption prior to their stated Principal Payment Dates, on May 1, 2026 or any date thereafter, in whole or in part, in Authorized Denominations, from and to the extent of prepaid Base Rental Payments paid pursuant to the Facilities Sublease, any such prepayment to be at a Redemption Price equal to the principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest thereon to the Redemption Date, without premium.

Mandatory Sinking Fund Redemption. The Series 2021 Bonds with a stated Principal Payment Date of May 1, 2045 are subject to redemption prior to such stated Principal Payment Date, in part, from Mandatory Sinking Account Payments, on each May 1 specified below, at a Redemption Price equal to the principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest thereon to the Redemption Date, without premium. The principal of such Series 2021 Bonds to be so redeemed and the dates therefor will be as follows:

<i>Mandatory Sinking Fund Payment Date (May 1)</i>	<i>Principal Amount</i>
2037	\$1,855,000
2038	1,905,000
2039	450,000
2040	465,000
2041	475,000
2042	490,000
2043	505,000
2044	520,000
2045 (maturity)	535,000

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

The Series 2021 Bonds are subject to redemption by the Authority on any date prior to their respective stated maturities, upon notice as provided in the Trust Agreement, as a whole or in part by lot within each stated maturity in integral multiples of Authorized Denominations, from prepayments from insurance and eminent domain proceeds made by the City pursuant to the Facilities Sublease (as described in the preceding paragraph), at a redemption price equal to the sum of the principal amount thereof, without premium, plus accrued interest thereon to the Redemption Date. Whenever less than all of the Outstanding Bonds are to be redeemed on any one date, the Trustee will select, in accordance with written directions from the Authority, the Bonds to be redeemed in part from the Outstanding Bonds so that the aggregate annual principal amount of and interest on Bonds which are payable after such Redemption Date will be as nearly proportional as practicable to the aggregate annual principal amount of and interest on Bonds Outstanding prior to such Redemption Date.

Selection of Bonds for Redemption. If less than all Outstanding Series 2021 Bonds maturing by their terms on any one date are to be redeemed at any one time, the Trustee will select the Series 2021 Bonds of such maturity date to be redeemed at random and promptly notify the Authority in writing of the numbers of the Series 2021 Bonds so selected for redemption. For purposes of such selection, Series 2021 Bonds will be deemed to be composed of multiples of minimum Authorized Denominations and any such multiple may be separately redeemed. In the event that Term Bonds are designated for redemption, the Authority may designate which sinking account payments are allocated to such redemption, and in the absence of such Authority designation such redemptions will be allocated in inverse order of Mandatory Sinking Account Payment Dates.

Notice of Redemption; Cancellation. Notice of redemption of the Series 2021 Bonds will be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date to: (i) the respective Bondholders of the Series 2021 Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) the Securities Depositories; and (iii) one or more Information Services. Notice of redemption to the Securities Depositories and the Information Services will be given by registered mail or overnight delivery or facsimile transmission or by such other method acceptable to such institutions.

Each notice of redemption will state the date of such notice, the date of issue of the Bonds, the Series, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address of the Trustee), the CUSIP number (if any) of the maturity or maturities, and, if less than all of any such maturity is to be redeemed, the distinctive certificate numbers of the Series 2021 Bonds of such maturity, to be redeemed and, in the case of Series 2021 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on said date there will become due and payable on each of said Series 2021 Bonds the redemption price thereof, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon will cease to accrue, and will require that such Series 2021 Bonds be then surrendered at the address of the Trustee specified in the redemption notice. Failure to receive such notice or any defect in such notice will not invalidate any of the proceedings taken in connection with such redemption.

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

All Series 2021 Bonds redeemed pursuant to the provisions of the Trust Agreement will be cancelled by the Trustee and destroyed with a certificate of destruction furnished to the Authority upon its request and will not be reissued.

Effect of Notice of Redemption. If notice of redemption has been duly given as aforesaid and money for the payment of the redemption price of the Series 2021 Bonds called for redemption is held by the Trustee, then on the redemption date designated in such notice Series 2021 Bonds so called for redemption become due and payable, and from and after the date so designated interest on such Series 2021 Bonds cease to accrue, and the Bondholders of such Series 2021 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

General. DTC will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2021 Bond will be issued for each maturity of the Series 2021 Bonds, each in the initial aggregate principal amount of such maturity, will be deposited with DTC and will be available to actual purchasers of the Series 2021 Bonds (the "**Beneficial Owners**") in denominations of \$5,000 or any integral multiple thereof. Beneficial Owners will not be entitled to receive physical delivery of the Series 2021 Bonds. See Appendix E for further information with respect to DTC and its book-entry only system.

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2021 Bonds apply only during any period in which the Series 2021 Bonds are not subject to DTC's book-entry system. While the Series 2021 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Series 2021 Bond may, in accordance with its terms, be transferred in the books required to be kept pursuant to the provisions of the Trust Agreement by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Series 2021 Bond for cancellation accompanied by delivery of a duly executed written instrument of transfer in a form acceptable to the Trustee. Whenever any Series 2021 Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Series 2021 Bond or Bonds of the same Series and maturity for a like aggregate principal amount of Authorized Denominations. The Trustee will require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may, except as otherwise provided in the Trust Agreement, deem and treat the registered owner of any Series 2021 Bond as the absolute owner of such Series 2021 Bond for the purpose of receiving payment thereof and for all other purposes, whether such Series 2021 Bond is overdue or not, and neither the Authority nor the Trustee will be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Series 2021 Bond will be made only to such registered owner, which payments will be valid and effectual to satisfy and discharge liability on such Series 2021 Bond to the extent of the sum or sums so paid.

The Trustee is not required to register the transfer of or exchange any Series 2021 Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Series 2021 Bond selected for redemption in whole or in part as provided in the Trust Agreement or during the period established by the Trustee for selection of Series 2021 Bonds for redemption.

Series 2021 Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Series 2021 Bonds of the same Series and maturity of other authorized denominations. The Trustee will require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee is not required to exchange any Series 2021 Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Series 2021 Bond selected for redemption in whole or in part as provided in the Trust Agreement or during the period established by the Trustee for selection of Series 2021 Bonds for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS

Pledge of Revenues

The Series 2021 Bonds will be secured on a parity with the outstanding Series 2019 Bonds and any Additional Bonds which may be issued under the terms of the Trust Agreement. The Bonds are equally and ratably payable from and secured by the Revenues, which consist of: (i) the Base Rental Payments and other payments paid by the City and received by the Authority pursuant to the Facilities Sublease (but not including Additional Payments as described below); and (ii) all interest or other income from any investment of any money in any fund or account (other than the Rebate Fund) established pursuant to the Trust Agreement or the Facilities Sublease.

Base Rental Payments will be paid by the City from any and all legally available funds. See the captions “THE CITY,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS.” The City has covenanted in the Facilities Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Payments due thereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments, subject to abatement as described in this Official Statement.

Revenues of the Electric Utility are not pledged as security for the Bonds. However, net revenues of the Electric Utility (revenues remaining after payment of operation and maintenance costs thereof and debt service obligations with respect thereto) are available to pay Base Rental Payments, and the City currently expects to pay all or a portion of Base Rental Payments from such net revenues of the Electric Utility. Notwithstanding the foregoing, the City makes no assurances regarding the amount of net revenues of the Electric Utility or the availability of net revenues of the Electric Utility to pay Base Rental Payments.

The Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2021 Bonds and the Series 2019 Bonds. See the caption “—Additional Bonds.”

All Revenues, any other amounts (including proceeds of the sale of the Series 2021 Bonds) held by the Trustee in any fund or account (other than the Rebate Fund) established under the Trust Agreement and

any other amounts (excluding Additional Payments) received by the Authority in respect of the Property have been irrevocably pledged to the payment of the interest and premium, if any, on and principal of the Bonds as provided in the Trust Agreement, and the Revenues and other amounts pledged thereunder may not be used for any other purpose while any of the Bonds remain Outstanding; provided, however, that out of the Revenues and other moneys there may be applied such sums for such purposes as are permitted thereunder. Such pledges constitutes a pledge of and charge and first lien upon the Revenues, all other amounts pledged under the Trust Agreement and all other moneys on deposit in the funds and accounts established thereunder for the payment of the interest on and principal of the Bonds in accordance with the terms thereof.

Pursuant to the Trust Agreement, the Authority has assigned its right, title and interest in the Base Rental Payments and its right to enforce remedies under the Facilities Sublease to the Trustee as security for the payment of the Bonds. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See the caption “—Base Rental Payments” below.

THE SERIES 2021 BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE PAYABLE, AS TO INTEREST THEREON, PRINCIPAL THEREOF AND ANY PREMIUMS UPON THE REDEMPTION OF ANY THEREOF, SOLELY FROM THE REVENUES DESCRIBED HEREIN, AND THE AUTHORITY IS NOT OBLIGATED TO PAY THEM EXCEPT FROM THE REVENUES. ALL OF THE BONDS ARE EQUALLY SECURED BY A PLEDGE OF AND CHARGE AND LIEN UPON THE REVENUES, AND THE REVENUES CONSTITUTE A TRUST FUND FOR THE SECURITY AND PAYMENT OF THE INTEREST ON AND PRINCIPAL OF AND REDEMPTION PREMIUMS, IF ANY, ON THE BONDS AS PROVIDED HEREIN.

THE SERIES 2021 BONDS ARE NOT A DEBT OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY, THE STATE NOR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY) IS LIABLE THEREON, NOR IN ANY EVENT SHALL THE SERIES 2021 BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AUTHORITY AS DESCRIBED HEREIN. THE SERIES 2021 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION OR RESTRICTION.

Base Rental Payments

Base Rental Payments will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Payment Period for which such Base Rental Payments are to be paid. The Base Rental Payments are due and payable on April 25 and October 25 in the amounts set forth in the Facilities Sublease and are for the use and occupancy of the Property during the one-year period ending on the 1st day of each May. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Revenue Fund established under the Trust Agreement.

Pursuant to the Trust Agreement, all money in the Revenue Fund will be set aside by the Trustee in the following respective special accounts or funds within the Revenue Fund (each of which has been created and each of which the Authority has covenanted and agreed to cause to be maintained) in the following order of priority: (1) Interest Account; and (2) Principal Account.

All money in each of such accounts will be held in trust by the Trustee and will be applied, used and withdrawn only for the purposes authorized in the Trust Agreement. On each Principal Payment Date, following payment of principal of and interest on the Bonds, any excess amount on deposit in the Revenue Fund will be returned to the City as an excess of Base Rental Payments. The Principal Payment Date for the Series 2019 Bonds is May 1.

Interest Account. On or before each Interest Payment Date, the Trustee will set aside from the Revenue Fund and deposit in the Interest Account that amount of money which is equal to the amount of interest becoming due and payable on all Outstanding Bonds on the next succeeding Interest Payment Date. No deposit need be made in the Interest Account if the amount contained therein and available to pay interest on the Bonds is at least equal to the aggregate amount of interest becoming due and payable on all Outstanding Bonds on such Interest Payment Date. All money in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it becomes due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity).

Principal Account. On or before each May 1 or November 1, as applicable, the Trustee will set aside from the Revenue Fund and deposit in the Principal Account an amount of money equal to the amount of all sinking fund payments required to be made on such May 1 or November 1, as applicable, into the respective sinking fund accounts for all Outstanding Term Bonds and the principal amount of all Outstanding Serial Bonds maturing on such May 1 or November 1, as applicable. No deposit need be made in the Principal Account if the amount contained therein and available to pay principal of the Bonds is at least equal to the aggregate amount of the principal of all Outstanding Serial Bonds maturing by their terms on such May 1 or November 1, as applicable, plus the aggregate amount of all sinking fund payments required to be made on such May 1 or November 1, as applicable, for all Outstanding Term Bonds. All money in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds as it becomes due and payable, whether at maturity or redemption, except that any money in any Sinking Account created under the Trust Agreement will be used and withdrawn by the Trustee only to purchase or to redeem or to pay Term Bonds for which such Sinking Account was created.

Scheduled Base Rental Payments relating to the Series 2021 Bonds and the outstanding Series 2019 Bonds are set forth below under the caption “BASE RENTAL PAYMENT SCHEDULE.”

Additional Payments

For the right to use and occupy the Property, the Facilities Sublease requires the City to pay, as Additional Payments thereunder, in addition to the Base Rental Payments, and subject to abatement as provided below, such amounts as are required for the payment of all amounts, costs and expenses incurred by the Authority in connection with the execution, performance or enforcement of the Facilities Sublease or any assignment thereof, the Trust Agreement, the Authority’s interest in the Property and the lease of the Property to the City, including but not limited to payment of all fees, costs and expenses and all administrative costs of the Authority related to the Bonds, the Property, including, without limiting the generality of the foregoing, salaries and wages of employees, all expenses, compensation and indemnification payable by the Authority to the Trustee under the Trust Agreement, other amounts due and owing Assured Guaranty Municipal Corp., in its capacity as the insurer of the Series 2019 Bonds (the “**2019 Insurer**”), and the Insurer, in its capacity as insurer of the Series 2021 Bonds (the “**2021 Insurer**”), as set forth in the Facilities Sublease, fees of auditors, accountants, attorneys or architects, and all other necessary administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Bonds or of the Trust Agreement; but not including in such Additional Payments amounts required to pay the principal of or interest on the Series 2021 Bonds.

Such Additional Payments will be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed will be paid by the City within 60 days after receipt of the bill by the City. The City reserves the right to audit billings for Additional Payments although exercise of such right will in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other facilities. The administrative costs of the Authority will be allocated among such other facilities and the Property as provided below. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Property will be included in the Additional Payments payable under the Facilities Sublease. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Property, will not be included in the administrative costs of the Property, and will not be paid from the Additional Payments payable under the Facilities Sublease. Any expenses of the Authority not directly attributable to any particular project of the Authority will be equitably allocated among all such projects, including the Property in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, will be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the Mayor, Mayor Pro-Tem, City Manager or Chief Financial Officer of the City or any such officer's duly authorized designee, or a duly authorized representative of the City, endorsed thereon, in making any determination that costs relating to the Authority are payable as Additional Payments under the Facilities Sublease, and is not required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Property.

Abatement

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

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Base Rental Payments and Additional Payments in any of the funds and accounts established under the Trust Agreement (including as a result of the availability of insurance proceeds), such Base Rental Payments and Additional Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts. See the caption "—Insurance" and Appendix A.

Substitution, Addition and Removal of Property

The City and the Authority may add or substitute real property for all or part of, or may release a part of, the Property for purposes of the Facilities Lease and the Facilities Sublease, but only with the consent of the Insurer and the 2019 Insurer and after the City has filed with the Authority and the Trustee, with copies to each rating agency then providing a rating for the Bonds, all of the following:

- (i) Executed copies of the Facilities Lease and the Facilities Sublease or amendments thereto containing the amended description of the Property, including the legal description of any real property component of the Property as modified, if necessary.
- (ii) A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) of the Property that will constitute the Property after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current Fiscal

Year or in any subsequent Fiscal Year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Property is at least equal to that of the substituted Property.

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

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

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

(vi) An opinion of Bond Counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be: (a) is authorized or permitted under the Facilities Sublease; (b) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (c) will not cause the interest on any tax-exempt Bonds to be included in gross income for federal income tax purposes.

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

Any sale, substitution, release, transfer, lease, assignment, mortgage or encumbrance with respect to the Property under the Facilities Sublease or Facilities Lease will be subject to the prior written consent of the Insurer and the 2019 Insurer.

Additional Bonds

Conditions for the Issuance of Additional Bonds. The Authority may at any time issue Additional Bonds pursuant to a Supplemental Trust Agreement, payable from the Revenues as provided in the Trust Agreement and secured by a pledge of and charge and lien upon the Revenues as provided therein equal to the pledge, charge and lien securing the Outstanding Series 2021 Bonds and Series 2019 Bonds theretofore issued thereunder, but only subject to the following specific conditions, which have been made conditions precedent to the issuance of any such Additional Bonds:

(a) The Authority is in compliance with all agreements and covenants contained in the Trust Agreement and no Event of Default has occurred and is continuing.

(b) The Supplemental Trust Agreement requires that the proceeds of the sale of such Additional Bonds will be applied to finance or refinance Projects, or for the refunding or repayment of any Bonds then Outstanding, including the payment of costs and expenses of and incident to the authorization and sale of such Additional Bonds. The Supplemental Trust Agreement may also provide that a portion of such proceeds be applied to the payment of the interest due or to become due on said Additional Bonds.

(c) The aggregate principal amount of Bonds issued and at any time Outstanding under the Trust Agreement does not exceed any limit imposed by law, by the Trust Agreement or by any Supplemental Trust Agreement.

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

(e) If additional facilities, if any, are to be leased and are not situated on property described in the Facilities Lease and Facilities Sublease: (1) the Facilities Lease has been amended so as to lease to the Authority such additional real property; and (2) the Facilities Sublease has been amended so as to lease to the City such additional real property.

(f) The Reserve Fund is fully funded at the Reserve Fund Requirement (including the proposed issue) upon the issuance of such Additional Bonds, unless otherwise permitted by the Insurer and the 2019 Insurer.

Proceedings for Authorization of Additional Bonds. Whenever the Authority and the City determine to execute and deliver any Additional Bonds pursuant to the Trust Agreement, the Authority and the Trustee will enter into a Supplemental Trust Agreement providing for the issuance of such Additional Bonds, specifying the maximum principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds.

The Supplemental Trust Agreement will prescribe the form or forms of such Additional Bonds and, subject to the provisions of the Trust Agreement, will provide for the distinctive designation, denominations, method of numbering, dates, payment dates, interest rates, interest payment dates, provisions for redemption (if desired) and places of payment of principal and interest.

Before such Additional Bonds are issued, the City and the Authority will file or cause to be filed the following documents with the Trustee:

(a) An Opinion of Counsel setting forth that: (1) such Counsel has examined the Supplemental Trust Agreement and the amendment to the Facilities Sublease and Facilities Lease required by the Trust Agreement; (2) the execution and delivery of the Additional Bonds have been duly authorized by the City and the Authority; and (3) said amendment to the Facilities Sublease and Facilities Lease, when duly executed by the City and the Authority, will be valid and binding obligations of the City and the Authority.

(b) A Certificate of the Authority stating that the requirements of the Trust Agreement have been met.

(c) A Certificate of the City stating that the insurance required by the Facilities Sublease is in effect.

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's receipt of Certificates of the City and of the Authority stating that all applicable provisions of the Trust Agreement have been complied with (so as to permit the execution and delivery of the Additional Bonds in accordance with the Supplemental Trust Agreement then delivered to the Trustee), the Trustee will authenticate and deliver said Additional Bonds in the aggregate principal amount specified in such Supplemental Trust Agreement to, or upon the Written Request of, the Authority.

The City has no current plans to issue Additional Bonds under the Trust Agreement. See the caption “RISK FACTORS—Substitution, Addition and Removal of Property; Additional Bonds.”

Action on Default

Should the City default under the Facilities Sublease, the Trustee, as assignee of the Authority thereunder, may terminate the Facilities Sublease and recover certain damages from the City, or may retain the Facilities Sublease and hold the City liable for all Base Rental Payments thereunder on an annual basis, and the Trustee has the right to re-enter and re-let the Property. In the event that such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. **BASE RENTAL PAYMENTS MAY NOT BE ACCELERATED UPON A DEFAULT UNDER THE FACILITIES SUBLEASE.** See the caption “RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental.”

For purposes of certain actions of Bond Owners under the Trust Agreement and the Facilities Sublease, such as certain consents and amendments and the direction of remedies following default, Series 2021 Bond Owners and Series 2019 Bond Owners do not act alone and may not control such matters to the extent that such matters are not supported by the requisite number of the Owners of all Series 2021 Bonds, Series 2019 Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Facilities Sublease and the Trust Agreement, see Appendix A.

Subject to the terms of the Trust Agreement, so long as the Insurer and the 2019 Insurer have not defaulted under their respective bond insurance policies, such insurers have the right to control all remedies for default under the Facilities Lease, the Facilities Sublease and the Trust Agreement.

Reserve Fund

Reserve Fund. The Trustee maintains a separate fund to be known as the “**Reserve Fund.**” Moneys in the Reserve Fund will be used and withdrawn by the Trustee solely for the purposes set forth in the Trust Agreement. In connection with the issuance of the Series 2019 Bonds, the 2019 Insurer issued a debt service reserve insurance policy (the “**2019 Reserve Policy**”) for the benefit of the Series 2019 Bonds in the initial principal amount of \$1,340,707.95, which constituted the Reserve Fund Requirement with respect to the Series 2019 Bonds. The 2019 Reserve Policy is currently on deposit in the Reserve Fund. In connection with the issuance of the Series 2021 Bonds, the Trustee will deposit the Reserve Policy in the initial principal amount of \$2,078,403.54 into the Reserve Fund in satisfaction of the Reserve Fund Requirement with respect to the Series 2021 Bonds. Upon the delivery of the Series 2021 Bonds and the deposit of the Reserve Policy in the Reserve Fund, the Reserve Fund Requirement will not thereafter be calculated for the purpose of requiring any deposit thereto or replenishment thereof except as may be required in connection with the issuance of Additional Bonds. See the caption “INTRODUCTION—Reserve Fund.”

The City, upon notice to the rating agencies then rating the Series 2021 Bonds, reserves the right to substitute, at any time and from time to time, one or more Reserve Facilities from a financial institution, the long-term unsecured obligations of which are rated in the two highest rating categories of the rating agency in substitution for or in place of all or any portion of the Reserve Policy or the moneys, if any, on deposit in the Reserve Fund, which satisfy the portion of the Reserve Fund Requirement (as such term is defined below) attributable to the Series 2021 Bonds, under the terms of which the Trustee is unconditionally entitled to draw amounts when required for the purposes of the Trust Agreement. Upon deposit by the City with the Trustee of any such Reserve Facility(ies), the Trustee will, on or after the date of such deposit, transfer to the City such amounts as are on deposit in the Reserve Fund in excess of the Reserve Fund Requirement after application of the Reserve Facility(ies) thereto. The City will, subject to any investment instructions contained in the Tax Certificate, if any, use any such amounts transferred from the Reserve Fund for any lawful purpose of the City which will not adversely affect any current or past exclusion from gross income for federal income tax

purposes of the interest on the Bonds, if and to the extent such interest is currently or has in the past been so excluded. Any amounts paid pursuant to any Reserve Facility will be deposited in the Reserve Fund. The moneys in the Reserve Fund and any Reserve Facility shall be held in trust by the Trustee and shall be used and disbursed only for the purposes and uses authorized in the Trust Agreement.

The term “**Reserve Fund Requirement**” means, with respect to each Series of Bonds, an amount equal to the least of: (i) maximum prospective annual Base Rental Payments with respect to the Outstanding Bonds of such Series to be made by the City under the Facilities Sublease; (ii) 10% of the proceeds of such Series of Bonds; or (iii) 125% of the average annual Base Rental Payments with respect to the Outstanding Bonds of such Series to be made by the City under the Facilities Sublease.

The Reserve Policy secures the Series 2021 Bonds alone and is not available for payments on the Series 2019 Bonds or Additional Bonds. Similarly, the 2019 Reserve Policy secures the Series 2019 Bonds alone and is not available for payments on the Series 2021 Bonds or Additional Bonds.

Application of Reserve Fund. Amounts on deposit in the Reserve Fund which were not derived from payments under any Reserve Facility credited to the Reserve Fund to satisfy a portion of the Reserve Fund Requirement may be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under any such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee will, as and to the extent necessary, liquidate any investments purchased with such amounts. If and to the extent that, more than one Reserve Facility is credited to the Reserve Fund to satisfy a portion of the Reserve Fund Requirement, drawings thereunder, and repayment of expenses with respect thereto, will be made on a pro-rata basis (calculated by reference to the policy limits available thereunder), if permitted.

If, on any Interest Payment Date, the amount on deposit in any account within the Interest Account is insufficient to pay the interest due with respect to the corresponding Series of Bonds on such Interest Payment Date, the Trustee will transfer from the corresponding account within the Reserve Fund and deposit in such account within the Interest Account an amount sufficient to make up such deficiency. If a Reserve Facility is credited to the Reserve Fund to satisfy a portion of the Reserve Fund Requirement, the Trustee will make a claim for payment under such Reserve Facility, in accordance with the provisions thereof, in an amount which, together with other available moneys in the Reserve Fund, will be sufficient to make said deposit in the Interest Account on the applicable Series of Bonds.

If, on any Principal Payment Date or any Mandatory Sinking Account Payment Date, the amount on deposit in any account within the Principal Account is insufficient to pay the principal due with respect to the corresponding Series of Bonds on such Principal Payment Date or Mandatory Sinking Account Payment Date, the Trustee will transfer from the corresponding account within the Reserve Fund and deposit in such account within the Principal Account an amount sufficient to make up such deficiency. If a Reserve Facility is credited to the Reserve Fund to satisfy a portion of the Reserve Fund Requirement, the Trustee will make a claim for payment under such Reserve Facility, in accordance with the provisions thereof, in an amount which, together with other available moneys in the Reserve Fund, will be sufficient to make said deposit in the Principal Account on the applicable Series of Bonds.

In the event of any withdrawal or transfer from the Reserve Fund, the Trustee will, within 5 days thereafter, provide written notice to the City of the amount and the date of such transfer. If there are no amounts currently due under any Reserve Facility and the sum of the amount on deposit in the Reserve Fund, plus the amount available under any Reserve Facilities, is reduced below the Reserve Fund Requirement, the first of the Base Rental Payments thereafter received from the City under the Facilities Sublease and not needed to pay the interest and principal of the Bonds on the next Interest Payment Date, Principal Payment Date or Mandatory Sinking Account Payment Date will be used, first, to reinstate the amounts available under the Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Fund, so that the amount available under the Reserve Facilities, when added to the amount on deposit in the

Reserve Fund, equals the Reserve Fund Requirement. In the event there are insufficient funds to remedy any deficiencies in all such accounts, moneys shall be deposited pro rata in each such account.

If at any time the balance in any account within the Reserve Fund is in excess of the Reserve Fund Requirement for such fund after accounting for the principal amounts of any Reserve Facilities, the Trustee will transfer such excess to any other account within the Reserve Fund with a balance less than the Reserve Fund Requirement for such fund to make up such deficiency, and thereafter to the Revenue Fund.

At the termination of the Facilities Sublease in accordance with its terms, any balance remaining in the Reserve Fund will be released and may be transferred to such other fund or account of the City, or otherwise used by the City for any other lawful purposes, as the City may direct. For purposes of determining the amount on deposit in the Reserve Fund, all investments will annually be valued at the cost thereof (exclusive of accrued but unpaid interest, but inclusive of commissions). Except as provided in the Trust Agreement from Base Rental Payments not needed to pay the interest and principal of the Bonds, the City has no obligation to replenish the Reserve Fund.

Insurance

The Facilities Sublease requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. As an alternative to providing such insurance or any portion thereof, the City may provide a self-insurance method or plan of protection if and to the extent that such self-insurance method or plan of protection affords reasonable protection to the Authority, the Bond Holders and the Trustee, in light of all circumstances, giving consideration to cost, availability and similar plans or methods of protection adopted by public entities in the State other than the City.

The Facilities Sublease requires the City to maintain rental interruption or use and occupancy insurance to cover loss, total or partial, of the rental income from or the use of the Property as the result of any of the hazards covered by the insurance described in the preceding paragraph, in an amount sufficient to pay the maximum annual Base Rental Payments for any two year period, except that such insurance may be subject to a deductible clause of not to exceed \$25,000. Any proceeds of such insurance will be used by the Trustee to reimburse to the City any rental theretofore paid by the City under the Facilities Sublease attributable to such structure for a period of time during which the payment of rental under the Facilities Sublease is abated, and any proceeds of such insurance not so used will be applied as provided in the Facilities Sublease (to the extent required for the payment of Base Rental Payments and Additional Payments). See the caption “—Abatement.” The City does not maintain earthquake insurance.

The Facilities Sublease requires the City to maintain or cause to be maintained, throughout the term thereof, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees and the Trustee, with minimum liability limits of \$1,000,000 for personal injury or death of each person and \$3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of \$200,000 for damage to property resulting from each accident or event, and worker’s compensation insurance.

See the summary of the Facilities Sublease set forth in Appendix A for further information with respect to the insurance coverage required to be maintained by the City under the Facilities Sublease.

A description of insurance coverages maintained by the City is set forth under the caption “THE CITY—Risk Management.”

The Facilities Sublease also requires the City to provide, at its own expense, an ALTA leasehold owner's title insurance policy or policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Such insurance instrument, when issued, will name the Trustee as the insured, and will insure the leasehold estate of the Authority subject only to such exceptions as do not substantially interfere with the City's right to use and occupy the Property and as will not result in an abatement of Base Rental Payments payable by the City under the Facilities Sublease.

BOND INSURANCE

The information under this caption has been prepared by the Insurer for inclusion in this Official Statement. None of the Authority, the City or the Underwriter has reviewed this information, nor do the Authority, the City or the Underwriter make any representation with respect to the accuracy or completeness thereof. The following information is not a complete summary of the terms of the Policy (as such term is defined below) and reference is made to Appendix G for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Series 2021 Bonds, Assured Guaranty Municipal Corp. (“**AGM**”) will issue its Municipal Bond Insurance Policy (the “**Policy**”) for the Series 2021 Bonds maturing on May 1 of the years 2027 through 2045, inclusive (the “**Insured Bonds**”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

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 international public finance (including infrastructure) and structured finance markets and asset management services. 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 July 8, 2021, S&P announced it had 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 October 29, 2020, KBRA announced it had 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 13, 2019, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A2” (stable outlook). 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, 2020.

Capitalization of AGM. At June 30, 2021:

- The policyholders’ surplus of AGM was approximately \$2,943 million.
- The contingency reserve of AGM was approximately \$947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,137 million. Such amount includes: (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM; and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM’s wholly owned subsidiaries Assured Guaranty UK Limited (“AGUK”) and Assured Guaranty (Europe) SA (“AGE”).

The policyholders’ surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Merger of Municipal Assurance Corp. (“MAC”) into AGM. On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM’s affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company (“AGC”) (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC’s direct insured par exposures have become insured obligations of AGM.

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, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

All 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 2021 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 “BOND INSURANCE—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 2021 Bonds or the advisability of investing in the Series 2021 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 “BOND INSURANCE.”

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to the Series 2021 Bonds are shown below.

Sources

Principal Amount of Series 2021 Bonds	\$ 30,985,000
Total Sources	<u>\$ 30,985,000</u>

Uses

Deposit to 2015 Escrow Fund	\$ 9,621,384
Deposit to 2016 Escrow Fund	20,769,332
Costs of Issuance ⁽¹⁾	<u>594,284</u>
Total Uses	<u>\$ 30,985,000</u>

⁽¹⁾ Includes certain fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, S&P and the Trustee, Underwriter’s discount, premium for the Policy and the Reserve Policy, printing costs and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

The annual schedule of Base Rental Payments due with respect to the Series 2021 Bonds and the Series 2019 Bonds is set forth below. The below table assumes no optional redemptions.

<i>Period Ending May 1</i>	<i>Series 2021 Bonds Principal</i>	<i>Series 2021 Bonds Interest</i>	<i>Series 2021 Bonds Total Debt Service</i>	<i>Series 2019 Bonds Total Debt Service</i>	<i>Total Base Rental Payments⁽¹⁾</i>
2022	\$ 1,730,000.00	351,281.11	2,081,281.11	\$ 633,200.00	\$ 2,714,481.11
2023	1,445,000.00	632,317.50	2,077,317.50	633,200.00	2,710,517.50
2024	1,450,000.00	627,505.66	2,077,505.66	633,200.00	2,710,705.66
2025	1,460,000.00	618,066.16	2,078,066.16	633,200.00	2,711,266.16
2026	1,470,000.00	604,780.16	2,074,780.16	633,200.00	2,707,980.16
2027	1,490,000.00	588,022.16	2,078,022.16	633,200.00	2,711,222.16
2028	1,505,000.00	566,938.66	2,071,938.66	633,200.00	2,705,138.66
2029	1,535,000.00	542,632.90	2,077,632.90	633,200.00	2,710,832.90
2030	1,560,000.00	514,174.00	2,074,174.00	633,200.00	2,707,374.00
2031	1,590,000.00	482,599.60	2,072,599.60	633,200.00	2,705,799.60
2032	1,625,000.00	447,556.00	2,072,556.00	633,200.00	2,705,756.00
2033	1,665,000.00	409,303.50	2,074,303.50	633,200.00	2,707,503.50
2034	1,705,000.00	367,611.90	2,072,611.90	633,200.00	2,705,811.90
2035	1,760,000.00	322,361.20	2,082,361.20	633,200.00	2,715,561.20
2036	1,795,000.00	273,890.80	2,068,890.80	633,200.00	2,702,090.80
2037	1,855,000.00	223,200.00	2,078,200.00	633,200.00	2,711,400.00
2038	1,905,000.00	165,695.00	2,070,695.00	633,200.00	2,703,895.00
2039	450,000.00	106,640.00	556,640.00	1,658,200.00	2,214,840.00
2040	465,000.00	92,690.00	557,690.00	1,652,200.00	2,209,890.00
2041	475,000.00	78,275.00	553,275.00	1,659,800.00	2,213,075.00
2042	490,000.00	63,550.00	553,550.00	1,655,400.00	2,208,950.00
2043	505,000.00	48,360.00	553,360.00	1,659,400.00	2,212,760.00
2044	520,000.00	32,705.00	552,705.00	1,656,400.00	2,209,105.00
2045	535,000.00	16,585.00	551,585.00	1,661,600.00	2,213,185.00
2046	-	-	-	1,659,600.00	1,659,600.00
2047	-	-	-	2,300,600.00	2,300,600.00
2048	-	-	-	2,303,800.00	2,303,800.00
2049	-	-	-	2,303,600.00	2,303,600.00
Total	\$ 30,985,000.00	\$ 8,176,741.31	\$ 39,161,141.31	\$ 30,935,000.00	\$ 70,096,141.31

⁽¹⁾ Equal to the Series 2021 Bonds Total Debt Service column plus the Series 2019 Bonds Total Debt Service column.
Source: Underwriter.

THE REFUNDING PLAN

Series 2015 Bonds

The Authority issued the Series 2015 Bonds, which are currently outstanding in the aggregate principal amount of \$9,425,000, pursuant to the 2015 Master Trust Agreement. The Series 2015 Bonds are payable from lease payments made by the City under the 2015 Master Facilities Sublease.

The Authority plans to apply a portion of the proceeds of the Series 2021 Bonds to refund all of the outstanding Series 2015 Bonds on or about October 12, 2021 (the “**Redemption Date**”) at a redemption price equal to the outstanding principal amount of the Series 2015 Bonds, plus accrued interest to such date, without premium.

Sufficiency of the amounts applied for such purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the “**Verification Agent**”). Assuming the accuracy of such computations, as a result of the deposit and application of funds described above, the Series 2015 Bonds will be defeased pursuant to the provisions of the 2015 Master Trust Agreement as of the date of issuance of the Series 2021 Bonds. Upon the

issuance of the Series 2021 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited in the 2015 Escrow Fund to pay the redemption price of the Series 2015 Bonds.

The amounts delivered to the Trustee to redeem the Series 2015 Bonds are pledged solely to the redemption of such Series 2015 Bonds. Neither such moneys nor any related interest will be available for the payments of principal of and interest on the Series 2021 Bonds.

Series 2016 Bonds

The Authority issued the Series 2016 Bonds, which are currently outstanding in the aggregate principal amount of \$20,410,000, pursuant to the 2015 Master Trust Agreement, as amended and supplemented by the First Supplement to the 2015 Master Trust Agreement. The Series 2015 Bonds are payable from lease payments made by the City under the 2015 Master Facilities Sublease, as amended and supplemented by the First Amendment to the 2015 Master Facilities Sublease.

The Authority plans to apply a portion of the proceeds of the Series 2021 Bonds to refund all of the outstanding Series 2016 Bonds on the Redemption Date at a redemption price equal to the outstanding principal amount of the Series 2016 Bonds, plus accrued interest to such date, without premium.

Sufficiency of the amounts applied for such purposes will be verified by the Verification Agent. Assuming the accuracy of such computations, as a result of the deposit and application of funds as provided above, the Series 2016 Bonds will be defeased pursuant to the provisions of the 2015 Master Trust Agreement, as amended and supplemented by the First Supplement to the 2015 Master Trust Agreement, as of the date of issuance of the Series 2021 Bonds. Upon the issuance of the Series 2021 Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited in the 2016 Escrow Fund to pay the redemption price of the Series 2016 Bonds.

The amounts delivered to the Trustee to redeem the Series 2016 Bonds are pledged solely to the redemption of such Series 2016 Bonds. Neither such moneys nor any related interest will be available for the payments of principal of and interest on the Series 2021 Bonds.

THE PROPERTY

The Property constitutes the subject matter of the Facilities Lease and the Facilities Sublease. The Property is described below.

The Property includes: (a) two electric power substations: (i) the Moreno Beach Substation and (ii) the Kitching Substation (collectively, the “**Substations**”); (b) the City’s Conference and Recreation Center; and (c) the City’s Corporate Yard (as such terms are defined below).

Electric Power Substations

The Moreno Beach Substation is a City-owned 115 kilovolt (“**kV**”) to 12kV Distribution Class power substation located on an approximately 8.75 acre parcel at the southwest corner of Moreno Beach Drive and Cottonwood Avenue in the City. The Moreno Beach Substation includes equipment foundations, transformers, capacitors, switchgear, electric bus, a relay control house, cable, wire, appurtenances and other related facilities (the “**Moreno Beach Substation Improvements**”).

A 115kV to 12kV Transmission Class switchyard (the “**Moreno Beach Switchyard**”), which has been dedicated to Southern California Edison (“**SCE**”), is also on the site. The Moreno Beach Switchyard is

located adjacent to the Moreno Beach Substation. Moreno Beach Switchyard improvements include equipment foundations, switchgear, electrical bus, relay control house, cable, wire, appurtenances and other related facilities associated with physical connection to SCE's 115kV distribution system. The Moreno Beach Switchyard improvements do not constitute part of the Substations and do not constitute part of the Property.

The Moreno Beach Substation was energized in 2007. The City estimates the total cost of the Moreno Beach Substation Improvements (excluding the Moreno Beach Switchyard and other improvements owned or dedicated to SCE) to be approximately \$10,817,611. The City estimates the Moreno Beach Substation Improvements have a useful remaining life of approximately 26 years.

The Kitching Substation is a City-owned 115kV to 12kV Distribution Class power substation located on an approximately 1.87 acre parcel at the northwest corner of Kitching Drive and Edwin Road in the City. The Kitching Substation includes equipment foundations, transformers, capacitors, switchgear, electric bus, a relay control house, cable, wire, appurtenances and other related facilities (the "**Kitching Substation Improvements**").

The Kitching Substation Improvements include: (i) approximately 40,000 lineal feet of conduit; (ii) approximately 40,000 lineal feet of high voltage cable; (iii) two 40 Megavolt Amp transformers; (iv) five 115 kV group operated disconnect switches; (v) two twelve kV Megavolt Amp capacitor banks; (vi) one switchgear assembly and (vii) other miscellaneous structures.

The Kitching Substation is adjacent to a 115kV to 12kV Transmission Class switchyard (the "**Kitching Switchyard**") which has been dedicated to SCE. Kitching Switchyard improvements include equipment foundations, switchgear, electrical bus, relay control house, cable, wire, appurtenances and other related facilities associated with a physical connection to SCE's 115kV distribution system. The Kitching Switchyard improvements do not constitute part of the Substations and do not constitute part of the Property.

The City estimates the total cost of the Kitching Substation Improvements (excluding the Kitching Switchyard and other improvements owned or dedicated to SCE) to be approximately \$10,965,000. The City estimates the Kitching Substation Improvements have a useful remaining life of approximately 36 years.

Conference and Recreation Center

The City's Conference and Recreation Center (the "**Conference and Recreation Center**"), which is located on Alessandro Boulevard, is an approximately 42,413 square foot municipal conference and banquet facility that is operated by the City. The Conference and Recreation Center includes an 8,200 square foot ballroom, the Grand Valley Ballroom, which can accommodate groups of up to 400 people and includes a full kitchen, a reception patio, an outdoor banquet patio, a stage with two dressing rooms and a video and movie screen. Other facilities at the Conference and Recreation Center include two smaller meeting rooms. The Conference and Recreation Center hosts private events, community programs and public meetings. The facility also includes space for a childcare/daycare area, a gymnasium, two activity rooms and the office space for the City's Parks and Community Services Department staff. The Conference and Recreation Center was constructed in 2005 and sits on an approximately 18.64 acre parcel. For purposes of the Facilities Sublease, the City has ascribed a value of approximately \$14,075,840 to the Conference and Recreation Center. The City estimates the Conference and Recreation Center has a useful remaining life of approximately 30 years.

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

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

Corporate Yard

The City’s Corporate Yard (the “**Corporate Yard**,” and together with the Substations and the Conference and Recreation Center, the “**Property**”, which have been leased to the Authority pursuant to the Facilities Lease and subleased by the Authority back to the City pursuant to the Facilities Sublease), will constitute a portion of the leased Property.

The Corporate Yard is located at 15670 Perris Boulevard and is the center of activity for the City’s street and infrastructure maintenance programs. The Corporate Yard totals approximately 18 acres with the primary building, constructed in 1970 and made of concrete block and metal siding, totaling 57,876 square feet. The Corporate Yard houses staff that perform the functions of Purchasing/Stores, Street Maintenance, Fleet Maintenance and Parks Maintenance. The Corporate Yard is also used for the storage of city vehicles, various road materials and replacement parts for City equipment such as traffic signals, electric utility equipment, etc. In 2011, improvements were completed to the Corporate Yard that totaled approximately \$4.8 million. For purposes of the Facilities Sublease, the City has ascribed a value of approximately \$12,906,488 to the Corporate Yard. The City estimates the Corporate Yard has a useful remaining life of approximately 30 years.

The Corporate Yard is comprised of a total of 7 assessor’s parcel numbers. The City has entered into an Agreement for Purchase of Real Property with Joint Escrow Instructions, dated March 11, 2021 (the “**PSA**”), with Eastern Municipal Water District (“**EMWD**”), under which 3 of the assessor’s parcel numbers (the “**Sale Parcels**”) will be sold to EMWD for a total purchase price of \$65,059. The Sale Parcels are undeveloped and unimproved and have an aggregate land area of approximately 0.83 acre. An independent appraisal of the Sale Parcels determined their aggregate value to be approximately \$64,789. As shown under the caption “—Summary of Property,” the total value of the Corporate Yard (including the Sale Parcels) is \$12,906,488.

The City believes that the sale of the Sale Parcels will not materially impair the City’s ability to use the Corporate Yard or the value thereof. The City intends to release the Sale Parcels as components of the Property securing the Series 2021 Bonds and, thereafter to close the sale of the Sale Parcels to EMWD, in fall or winter 2021, after the issuance of the Series 2021 Bonds. In order to effect such release, the City and the Authority will comply with the provisions of the Facilities Sublease in connection with such release, including obtaining the following:

- (i) A Written Certificate of the City certifying that the annual fair rental value of the Property after such release will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current Fiscal Year or in any subsequent Fiscal Year;
- (ii) A Written Certificate of the City stating that the release does not adversely affect the City’s use and occupancy of the Property;
- (iii) An opinion of Bond Counsel stating that any amendment executed in connection with release: (a) is permitted under the Facilities Sublease; and (b) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and
- (iv) The consent of the Insurer.

See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Substitution, Addition and Removal of Property” for a description of all conditions that are required to be met in order to release the Sale Parcels as components of the Property.

Summary of Property

In connection with the issuance of the Series 2021 Bonds, the City will certify that the annual fair rental value of the Property is at least equal to the annual Base Rental Payments. The City makes no assurances regarding the ability to relet any component of the Property or the amount of rental income to be received in the event that any component of the Property is relet.

Base Rental Payments under the Facilities Sublease, including those allocable to the Corporate Yard, secure on a parity basis the Series 2021 Bonds, Series 2019 Bonds and any Additional Bonds issued pursuant to the Trust Agreement, if any. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Base Rental Payments.”

The table below summarizes certain attributes of the Property. No portion of the Property is currently securing lease payments other than those that will be paid in connection with the Series 2021 Bonds and the Series 2019 Bonds.

**CITY OF MORENO VALLEY
DESCRIPTION OF PROPERTY**

<i>Property</i>	<i>Description</i>	<i>Land Area</i> ⁽¹⁾	<i>Building Size</i> ⁽¹⁾	<i>Location</i>	<i>Estimated Asset/ Land Value</i> ⁽¹⁾
Moreno Beach Substation	115kV to 12kV Distribution Class power substation and all related City-owned improvements	8.75 acres	N/A	Moreno Beach Drive and Cottonwood Avenue	\$10,817,611
Kitching Substation	115kV to 12kV Distribution Class power substation and all related City-owned improvements	1.87 acres	N/A	Kitching Drive and Edwin Road	\$10,965,000
Conference and Recreation Center	Municipal conference and banquet facility; includes 8,200 square foot ballroom with full kitchen, reception patio, outdoor banquet patio, stage with two dressing rooms and video and movie screen; meeting rooms; office space for City's Parks and Recreation Department	18.64 acres	42,413 square feet	Alessandro Boulevard	\$14,075,840
Corporate Yard	Corporate yard used for Purchasing/Stores, Street Maintenance, Fleet Maintenance and Parks Maintenance services	18.00 acres	57,876 square feet	Perris Boulevard	\$12,906,488 ⁽²⁾
Total					\$48,764,939⁽³⁾

⁽¹⁾ Figures are estimated based on a combination of insured values and/or construction costs.

⁽²⁾ Includes approximately \$65,000 of value that is attributable to the Sale Parcels. The City will certify that the annual fair rental value of the Property after the release of the Sale Parcels as components of the Property will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current Fiscal Year or in any subsequent Fiscal Year. See the caption “—Corporate Yard.”

⁽³⁾ Such amount is greater than the principal amount of the Series 2021 Bonds and the outstanding Series 2019 Bonds.

The estimated value of the Property set forth above is based upon existing conditions. In connection with the issuance of the Series 2021 Bonds, the City will certify that the annual fair rental value of the Property is at least equal to the annual Base Rental Payments.

The City has the right to issue additional bonds and substitute or release all or a portion of the Property subject to certain conditions precedent. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Substitution, Addition and Removal of Property.”

THE AUTHORITY

The Authority is a public body that is duly organized and existing under the Joint Exercise of Powers Agreement, dated as of October 28, 1997 (the “**JPA Agreement**”), by and between the City and the Community Redevelopment Agency of the City of Moreno Valley (the “**Agency**”), and under the Constitution and laws of the State. The Authority was formed for the purpose of assisting the City in the financing and refinancing of public capital improvements by exercising the powers referred to in the JPA Agreement, including the power to issue bonds to pay the costs of public improvements. Neither the City nor the Agency

is responsible for repayment of the obligations of the other. The members of the Board of Directors of the Authority are the members of the City Council of the City. The Authority has no employees and all staff work is done by City staff or by consultants to the Authority. The Authority has acted as a conduit issuer for the City for a variety of financings.

THE CITY

General

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. The City had a population of approximately 209,426 as of January 1, 2021 and covers approximately 51.5 square miles. The City was incorporated on December 3, 1984 and is a general law city operating under a council/manager form of government. Further information concerning the City is set forth below and in Appendix F.

The City had approximately 251 full and part-time employees as of June 30, 2021. City employees are represented by three labor associations, the Moreno Valley City Employees Association (the “**MVCEA**”), which represented approximately 161 employees as of June 30, 2021, the Moreno Valley Management Association (the “**MVMA**”), which represented approximately 68 employees as of June 30, 2021, and the Moreno Valley Confidential Management Employee Association (the “**MVCMEA**”) which represented approximately 6 employees as of June 30, 2021. Relations between the City and the MVCEA, MVMA and MVCMEA are governed by memoranda of understanding that expire on June 30, 2023. A total of approximately 16 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City provides or contracts for many municipal services for its residents, including libraries, parks, recreation, street and storm drain maintenance and electric utility services. The City contracts with the Riverside County Sheriff’s Department for police services and with the County for fire protection services, which services are provided by the California Department of Forestry and Fire Protection. Water and sewer service is provided by EMWD and Box Springs Mutual Water Company.

Largest Employers

The largest employer located in the City is the March Air Reserve Base, which currently employs approximately 9,600 people, representing approximately 10.08% of the total City employment. March Air Reserve Base is the home to the Air Force Reserve Command’s 4th Air Force Headquarters and the 452nd Air Mobility Wing, the largest air mobility wing of the 4th Air Force. In addition to multiple units of the Air Force Reserve Command, the base supports the Air Mobility Command, Air Combat Command and Pacific Air Forces, and is home to units from the Army Reserve, Navy Reserve, Marine Corps Reserve and California Air National Guard.

Other large employers in the City include Amazon.com, which currently employs approximately 7,500 employees, the Riverside County Regional Medical Center, which currently employs approximately 3,400 employees, and the Moreno Valley Unified School District, which currently employs approximately 3,100 employees. Based on its close proximity to the counties of Los Angeles, Orange and San Diego, the City serves as a regional logistics and major distribution hub for many large manufacturers and retail companies, including Skechers USA, Inc., Deckers, Walgreen Company, Ross Dress for Less, Inc. and Harbor Freight Tools. Several large companies await completion of or have recently completed construction of distribution sites and fulfillment centers within the City limits, including e-retailer Amazon (NASDAQ symbol: AMZN), Deckers Outdoor Corporation (NASDAQ symbol: DECK), which designs, manufactures and markets Teva, UGG Australia, and other footwear brands, and Aldi, Inc., a European discount grocery retailer chain that has over 8,000 stores worldwide (including over 1,000 stores in the United States).

The table below sets forth the largest employers within the City as of June 30, 2020, the latest date for which such information is available.

**CITY OF MORENO VALLEY
LARGEST EMPLOYERS – FISCAL YEAR 2020**

<i>Employer</i>	<i>Number of Employees</i>	<i>Type of Business</i>
March Air Reserve Base	9,600	Military
Amazon.com, Inc.	7,500	Fulfillment
Riverside University Health Systems Medical Center	3,400	Medical
Moreno Valley Unified School District	3,100	Public Agency
Ross Dress for Less / D D's Discounts	2,400	Distribution
Moreno Valley Mall (excludes major tenants)	1,500	Retail
Kaiser Permanente Community Hospital	1,457	Medical
Skechers USA	1,200	Distribution
Harbor Freight Tools	788	Distribution
Deckers Outdoor	700	Distribution

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Government and Administration

The City operates under a council-manager form of government. Councilmembers are elected by district for four-year alternating terms and the Mayor is elected at large. The City Manager, appointed by the City Council, serves as the City's chief administrative officer and is responsible for overseeing the daily operations of City departments and efficient management of all City business. Functions of the City Manager's Office include coordination of the implementation of City Council policies and programs; providing overall direction to the departments that administer City programs and services; coordinating intergovernmental relations and legislative advocacy; and administration of the City's communications, media relations and public information programs.

Mike Lee has served as the City Manager since June 2020. In this capacity he leads the daily operation of City government. Mr. Lee began working for the City in 2015, initially serving as the Community and Economic Development Director before being appointed Interim City Manager in December 2019. Mr. Lee's 25-year career in local government has included senior management positions at the cities of West Covina and Pomona. Mr. Lee has a Bachelor of Science degree in Urban and Regional Planning from California State Polytechnic University, Pomona, and a Masters in Public Administration degree from the University of LaVerne.

Other key personnel responsible for management of the City include the Assistant City Manager/Chief Financial Officer/City Treasurer, the Treasury Operations Division Manager and the Electric Utility Division Manager. In addition, the City Attorney provides legal services to the City and the Authority.

Brian Mohan serves as the Assistant City Manager, Chief Financial Officer and Treasurer of the City. Mr. Mohan began working for the City in 2017, initially serving as the Financial Resources Division Manager. Mr. Mohan's 24-year career in local government has included senior management positions with the San Bernardino County Employees Retirement Association and the city of Rialto. Mr. Mohan has a Bachelor of Science degree in Business and Administration from California State University, San Bernardino.

Brooke McKinney is the Treasury Operations Division Manager of the City. Mr. McKinney was appointed Treasury Operations Division Manager in April 2002. Mr. McKinney has over 34 years of experience in municipal government and has held a variety of management positions in finance and administration of city and county government. Mr. McKinney has worked in a variety of management

positions in the City's Finance Department over the past 19 years, including Revenue Officer, Assistant Treasurer and Treasury Operations Division Manager. Prior to his tenure at the City, Mr. McKinney worked for over 17 years as the Hospital Fiscal Officer at the Riverside County Regional Medical Center. Mr. McKinney holds a Bachelor's Degree in Business Administration from The Master's University in Santa Clarita, California.

Jeannette Olko is the Electric Utility Division Manager of the City. Ms. Olko was appointed the interim Electric Utility Division Manager of the City in July 2010, and the permanent Division Manager in November 2010. Ms. Olko has been working in the electric utility industry for over twenty years managing all utility aspects, including operations, customer billing, rates, power resources and finance. Prior to her tenure at the City, Ms. Olko served the City of Colton as the Electric Utility General Manager for 6 years. Ms. Olko obtained her Master's Degree in Business Administration and Bachelor's Degree from the University of California at Riverside.

Steve Quintanilla, President and owner of the Law Offices of Quintanilla & Associates, has served as contract Interim City Attorney and contract Interim General Legal Counsel for the City's affiliated agencies in 2014-2015, and recently from March 2020 to the present. Mr. Quintanilla has been an attorney for more than 25 years in private practice specializing in municipal law. He graduated with a juris doctorate from the University of California, Los Angeles School of Law.

Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has established two self-insurance funds to finance uninsured risks of loss up to a maximum of \$300,000 for each workers' compensation claim and \$250,000 for each general liability claim. For workers' compensation, the City participates in the CSAC Excess Insurance Authority, a joint powers authority, for claims in excess of coverage provided by its internal funds up to the statutory requirements. For general liability, the City participates in the Public Entity Risk Management Authority ("PERMA"), a joint powers authority, for claims in excess of coverage provided by its internal funds up to \$50,000,000. Claims have not exceeded the City's insurance coverage in any of the last three years.

The City purchases all-risk, replacement cost value property insurance coverage through PERMA up to a maximum amount of \$100,000,000. All property and improvements at the Property are insured under the City's property insurance coverage. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Insurance."

No assurance can be given as to the adequacy of the insurance maintained now or in the future by the City to fund necessary repairs or replacement of any portion of the Property, and the City does not have any obligation under the Facilities Sublease to maintain earthquake coverage or other coverage in the current coverage amounts. Significant damage to any of the Property could cause Base Rental Payments to be abated. See the captions "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Abatement" and "RISK FACTORS—Natural Disasters."

COVID-19 Outbreak

The spread of the novel strains of coronavirus collectively called SARS-CoV-2, which cause the disease known as COVID-19 ("COVID-19"), and local, State and federal actions in response to COVID-19, have impacted the City's operations and finances. In response to the increasing number of COVID-19 infections and fatalities, health officials and experts recommended, and some governments mandated, a variety of responses ranging from travel bans and social distancing practices to complete shutdowns of certain services and facilities. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and, on March 4, 2020, as part of the State's response to address the outbreak, the Governor declared a state of

emergency. On March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State temporarily closed some or all school campuses (including schools within the City) in response to local and State directives or guidance.

On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential services. Certain aspects of the shelter-in-place directives were extended indefinitely until indicators for modifying the stay-at-home order were met. The County also declared a state of emergency in response to the COVID-19 outbreak. On May 4, 2020, the Governor issued an executive order informing local health jurisdictions and industry sectors that they could gradually re-open under new modifications and guidance provided by the State. A phased re-opening of various sectors was underway since mid-2020 in accordance with a four-stage re-opening plan that ended with a full reopening of the economy on June 15, 2021. Although pursuant to the re-opening plan certain restrictions on activities were eased, restrictions were also re-imposed in various jurisdictions (including neighboring Los Angeles County) as local conditions warranted, and such restrictions may be renewed as the pandemic continues.

In addition, the Governor extended the deadline to file and pay spring 2020 property taxes for residential and certain commercial property owners and first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers. As a result of the extended deadline to file sales and use tax returns, it is estimated that up to 361,000 California businesses with less than \$5 million in taxable annual sales were permitted to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions have resulted in delays in the receipt by the City of its portion of such tax payments.

On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the “**CARES Act**”) which provides, among other measures, \$150 billion in financial aid to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible for reimbursement of certain costs which were expended to address the impacts of the pandemic. The City received a total reimbursement of \$2,578,550 under the CARES Act which it applied to food distribution and public safety, among other uses. The funds received by the City under the CARES Act are not available for payment of the Series 2021 Bonds and cannot be used to backfill any City revenue losses related to COVID-19.

On December 27, 2020, the President signed the \$900 billion Coronavirus Response and Relief Supplemental Appropriations Act. Although the act did not provide additional financial assistance to state and local governments, it did extend the deadline (to October 2021) for them to use unspent funds that were previously approved under the CARES Act.

On March 11, 2021, the President signed the American Rescue Plan Act of 2021 (the “**ARP Act**”), a \$1.9 trillion economic stimulus package designed to help the United States’ economy recover from the adverse impacts of the COVID-19 pandemic. The ARP Act includes approximately \$350 billion in aid to state and local governments such as the City, consisting of both direct funding from the United States Department of Treasury and program moneys that will flow from other federal agencies. Half of the aid to state and local governments was distributed in spring 2021, with the other half following in 2022. The City has been allocated a total of approximately \$48.3 million, of which approximately half was received in spring 2021. This funding is available for a broad range of uses, including responding directly to the health emergency, addressing its negative economic impacts with assistance to households and small businesses, restoring government services that were reduced in response to pandemic-related revenue losses and making certain necessary infrastructure improvements. The City has not yet determined how the ARP Act funds that it has received and expects to receive will ultimately be spent, but planning efforts are underway.

The effects of the COVID-19 outbreak and governmental actions responsive to it have altered the behavior of businesses and people in a manner that has had significant negative impacts on global and local economies. In addition, financial markets in the United States and globally have experienced significant volatility attributed to COVID-19 concerns. Volatility in the financial markets caused the California Public

Employees Retirement System's ("CalPERS") earnings to fall below its investment targets in Fiscal Year 2020, which could result in increases in the City's unfunded pension liability and future pension costs commencing in Fiscal Year 2023. See the caption "CITY FINANCIAL INFORMATION—Retirement Contributions." The outbreak resulted in increased pressure on State finances as budgetary resources were directed towards containing the pandemic and tax revenues sharply declined in early 2020. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak continue to occur throughout the United States, including the County.

Potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy, with corresponding decreases in General Fund revenues, including as a result of reduced sales which are subject to sales taxes, reduced hotel occupancy, which is subject to transient occupancy taxes, fewer business license applications and potential declines in property values. See the captions "CITY FINANCIAL INFORMATION—Sales Taxes," "CITY FINANCIAL INFORMATION—Property Taxes" and "CITY FINANCIAL INFORMATION—Other Taxes."

In response to the COVID-19 outbreak, the City declared a Local State of Emergency on March 17, 2020. The declaration empowered a Disaster Council (consisting of the Mayor, City Manager/Director of Emergency Services and Fire Chief) to convene in order to develop proposed responses to the outbreak for City Council consideration. The declaration of the Local State of Emergency enabled the City to streamline, and in certain cases, waive, its procurement procedures in order to ensure that the City is able to purchase supplies and enter into contracts on an expedited basis. The declaration also provided budget flexibility to the City Manager, which has allowed the City to respond to continually changing conditions arising from the pandemic that are difficult to forecast. As discussed in detail below, although the impact of the COVID-19 outbreak on City finances has not been as significant or long-lasting as initially expected, the City Council has extended the Local State of Emergency several times since March 17, 2020 in order to continue to provide City leadership with the flexibility to respond to the effects of the pandemic in a timely manner. City staff expect to continue to recommend that the City Council extend the Local State of Emergency declaration for the foreseeable future.

In addition, the City has modified its operations to implement remote work opportunities for employees and provide City services online, temporarily closed many City facilities to the public, cancelled many programs, rentals and community events and deferred several non-essential capital improvement projects. With improvements in local case rates, the City has phased in the resumption of normal operations and activities while complying with public health orders and California Occupational Safety and Health Administration COVID-19 Prevention Plan mandates. Large gatherings of City personnel at any one time were prohibited for much of 2020 and early 2021 per health officer orders and on-site personnel wore masks and practiced social distancing while working. City Council and other board meetings occurred via teleconference, and public comment and participation for City Council meetings was also conducted via teleconference and electronic means. The City has not experienced and does not at this time foresee a future negative impact on the execution of City services as a result of the COVID-19 outbreak. The City has worked diligently to provide its employees with personal protective equipment and voluntary access to vaccinations. To date, there has been no evidence of employee-to-employee transmission or contraction of COVID-19 from members of the public in the course of an employee's work. However, there can be no assurance that absences of employees or City leadership due to COVID-19 will not adversely impact City operations.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City and the General Fund is unknown.

The City reports that Fiscal Year 2019-20 General Fund expenditures were lower than originally budgeted by approximately \$4.2 million (3.9%) as the City implemented measures to reduce expenditures in

response to the COVID-19 pandemic in the last quarter of the Fiscal Year. However, Fiscal Year 2019-20 General Fund revenues came in higher than budgeted by approximately \$2.7 million (2.4%) as revenues from taxes, licenses and permits, use of money and property and charges for services were not affected as drastically as originally anticipated. As a result, the overall effect of the COVID-19 outbreak on the General Fund in Fiscal Year 2019-20 was not material. See the caption “CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information.”

Fiscal Year 2020-21, as the second year of a two-year budget cycle adopted by the City Council, was developed conservatively, and the budget was amended prior to the beginning of the Fiscal Year to account for the projected impacts of the continuing COVID-19 outbreak. The City did not rely on any CARES Act or ARP Act funding in the development of the Fiscal Year 2020-21 budget. As amended, the Fiscal Year 2020-21 budget reflected: (i) an increase in General Fund expenditures of approximately \$3.8 million (3.7%) above audited Fiscal Year 2019-20 General Fund expenditures; and (ii) a decrease in General Fund revenues of approximately \$5.1 million (4.5%) from audited Fiscal Year 2019-20 General Fund revenues. Based on available information to date, the City is currently estimating that Fiscal Year 2020-21 General Fund expenditures will be approximately \$8.8 million lower than budgeted (and approximately \$5.0 million lower than audited Fiscal Year 2019-20 General Fund expenditures), while Fiscal Year 2020-21 General Fund revenues will be approximately \$15.4 million higher than budgeted (and approximately \$10.2 million higher than Fiscal Year 2019-20 audited General Fund revenues). See the captions “CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City” and “CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information.”

The City continues to actively monitor General Fund revenues and expenditures so that any further impacts of the COVID-19 pandemic can be anticipated. The City does not currently expect that the COVID-19 outbreak will have a material adverse effect on the City’s ability to repay the Series 2021 Bonds.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles and the standards established by the Governmental Accounting Standards Board (“GASB”). On a quarterly basis, a report is prepared for the City Council and City staff which reviews fiscal performance to date against the budget. Combined financial statements of the City and its component units are produced following the close of each Fiscal Year.

The City Council employs an independent certified public accountant who examines at least annually the financial statements of the City in accordance with generally accepted auditing standards, including tests of the accounting records and other auditing procedures as such accountant considers necessary. As soon as practicable, after the end of the Fiscal Year, a final audit and report is submitted by the independent accountant to the City Council.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City’s government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, under which revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The City's governmental fund (including the General Fund) financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting, under which revenues are recognized as soon as they are both measurable and available (i.e. collectible within the current period or soon enough thereafter to pay liabilities of the current period), and expenditures are recorded when a liability is incurred.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are required to be accounted for in another fund. Base Rental Payments will be paid from any legally available funds of the City, though such payments are expected to be paid from the net revenues of the Electric Utility. Tables 1 through 4 below set forth certain historical and current Fiscal Year budget information for the General Fund. Information on the remaining governmental funds of the City as of June 30, 2020 is set forth in Appendix B.

General Economic Condition and Outlook of the City

Fiscal Policies. In 2017, the City adopted a comprehensive financial reserve policy (the “**Reserve Policy**”) to direct the City's \$306 million in reserves for specific purposes. This policy is anticipated to help maintain the City's financial stability, protect against future economic downturns which bring unpredictable shortfalls in tax revenue and better prepare the City, its residents and its businesses for a catastrophic natural disaster.

The Reserve Policy categorizes the City's reserves into a Cash Flow fund, a Rainy Day fund (also called the Economic Uncertainty Reserve) and an Emergency fund (also called the Operating Reserve). The Cash Flow fund's target level is 17% of General Fund expenses, which allows the City to provide services before the receipt of the City's first tranche of property tax payments (seven months after the start of the Fiscal Year).

The Rainy Day fund's target level is 10% of the City's General Fund, which is intended to ensure that the City has the flexibility to continue to deliver quality services during economic downturns, which can reduce sales and property tax revenues which support the full range of services provided to residents.

The Emergency fund's target level is 12% of the City's General Fund, which is intended to ensure that the City can respond to a catastrophic earthquake, flood, fire or other disaster. The fund also provides a financial buffer in the event that the City is forced to wait for receipt of federal disaster relief funds.

The amounts that are currently held in the Cash Flow, Rainy Day and Emergency funds meet the above-described target levels. The City has not applied any of its reserves to cover funding shortfalls during the COVID-19 pandemic.

Strategic Plan. In 2016, after soliciting significant public input via public meetings, online surveys and other community outreach efforts, the City adopted a strategic plan, known as “Momentum MoVal.” Momentum MoVal aligns the City's resources and creative energy toward meeting six objectives identified by community stakeholders and approved by elected leaders. Momentum MoVal was intended to govern the first five years after adoption while allowing the City Council to adjust priorities as needed to address emerging issues.

Momentum MoVal identified the following City priorities:

- *Economic Development*, including attracting new businesses to the City, creating jobs, entering into strategic partnerships and developing the City's workforce.
- *Public Safety*, including reducing crime, preparing for emergencies and exploring cost-effective solutions.

- *Library*, including both traditional and virtual methods of delivering services to residents.
- *Infrastructure*, including managing infrastructure and exploring cost-effective solutions to maintaining existing assets.
- *Beautification, Community Engagement and Quality of Life*, including caring for the environment and providing cultural and recreational opportunities.
- *Youth Programs*, including expanding healthy lifestyle choices and learning opportunities.

Momentum MoVal also sets forth detailed means of achieving the above objectives, as well the timeline to undertake each task.

The City continues to focus on the priorities established through Momentum MoVal and, during the most recent and future budgeting cycles, projects will be identified with these priorities in mind.

Summary of General Fund Results and Budgets. As of June 30, 2021, based on unaudited information that is available to date, the General Fund had a year-end surplus (revenues in excess of expenditures) of approximately \$25.2 million (exclusive of interfund transfers), which was more than the year-end surplus of \$1.0 million that was projected in the Fiscal Year 2020-21 General Fund budget. The budget surplus was the result of renewed economic activity during the second half of Fiscal Year 2021 as the COVID-19 outbreak that is discussed under the caption “THE CITY—COVID-19 Outbreak” waned in the City’s region.

For Fiscal Year 2021-22, the adopted General Fund operating budget projects revenues of \$118.5 million, which is approximately \$5.5 million (4.5%) below actual Fiscal Year 2020-21 revenues. The adopted Fiscal Year 2021-22 General Fund operating budget projects expenditures of \$114.6 million (excluding transfers out), which is approximately \$15.7 million (15.9%) above actual Fiscal Year 2020-21 expenditures.

For Fiscal Year 2022-23, the adopted General Fund operating budget projects revenues of \$124.5 million, which is approximately \$6 million (5.1%) above budgeted Fiscal Year 2021-22 revenues. The adopted Fiscal Year 2022-23 General Fund operating budget projects expenditures of \$124.5 million, which is approximately \$6 million (5.1%) above budgeted Fiscal Year 2021-22 expenditures.

See the caption “—Budget Procedure, Current Budget and Historical Budget Information” for additional information relating to the adopted budget for Fiscal Years 2021-22 and 2022-23.

Budget Procedure, Current Budget and Historical Budget Information

Budget Timeline. The City currently operates on a two-year operating budget cycle. The current budget was approved on May 4, 2021 and governs the period beginning on July 1, 2021 for Fiscal Years 2021-22 and 2022-23. The budget includes all funding sources of the City, including the General Fund, Community Services District and the Successor Agency of the former Redevelopment Agency. The City’s budget process is described below.

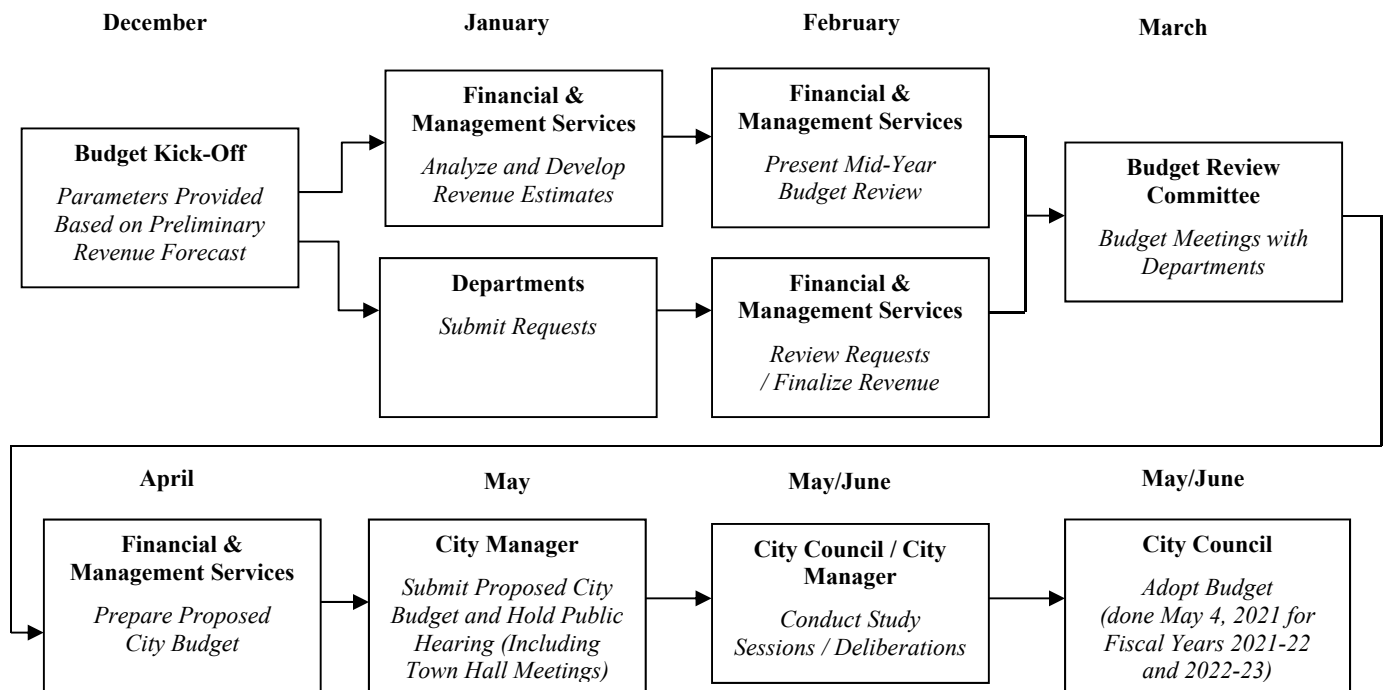
At such time as the City Manager determines, each department head must furnish to the City Manager an estimate of revenues and expenditures for the applicable department for the ensuing two Fiscal Years, detailed in such manner as may be prescribed by the City Manager. In preparing the proposed budget, the City Manager reviews the estimates, holds conferences regarding the estimates with the respective department heads and revises the estimates as the City Manager deems advisable. The City Council has directed staff to develop a balanced budget.

Prior to June 30 of every second Fiscal Year, the City Manager submits to the City Council a proposed budget for the two year period commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30 of the applicable Fiscal Year, public hearings are conducted to obtain public comments and the budget is legally enacted through the passage of a resolution. The budget is subject to amendment throughout the two year period to reflect actual financial performance.

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

A summary of the actions taken during the budgetary process is set forth below:

CITY OF MORENO VALLEY BUDGET PROCESS



Source: City.

The City conducts its annual financial audit between August and November each year, and such audit is typically accepted by the City Council by December of such year. In recognition of its financial reporting excellence, the Government Finance Officers Association of the United States and Canada has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for over 20 consecutive years.

Current Budget. For Fiscal Year 2021-22, the adopted General Fund operating budget projects revenues of \$118.5 million, which is approximately \$5.5 million (4.5%) below actual Fiscal Year 2020-21 revenues. The adopted Fiscal Year 2021-22 General Fund operating budget projects expenditures of \$114.6 million (excluding transfers out), which is approximately \$15.7 million (15.9%) above actual Fiscal Year 2020-21 expenditures.

For Fiscal Year 2022-23, the adopted General Fund operating budget projects revenues of \$124.5 million, which is approximately \$6 million (5.1%) above budgeted Fiscal Year 2021-22 revenues. The adopted Fiscal Year 2022-23 General Fund operating budget projects expenditures of \$124.5 million (including transfers out), which is approximately \$6 million (5.1%) above budgeted Fiscal Year 2021-22 expenditures.

The City did not rely on any CARES Act or ARP Act funding in the development of the Fiscal Year 2021-22 or Fiscal Year 2022-23 budgets.

The General Fund operating budget for Fiscal Years 2021-22 and 2022-23 reflects the following significant assumptions: (a) the City will not hire any additional employees; (b) assessed valuations of property will increase by 8.9% and 6.2% in Fiscal Years 2021-22 and 2022-23, respectively; (c) sales tax revenues will increase by 5.7% and 3.5% (before adjustments) in Fiscal Years 2021-22 and 2022-23, respectively; (d) utility taxes will remain relatively flat compared to Fiscal Year 2020-21 amounts; (e) transient occupancy tax revenues will increase 34% and 11% in Fiscal Years 2021-22 and 2022-23, respectively, given the construction of new hotels within the City; and (f) miscellaneous revenues, including fees for services, licenses and permits and fines and forfeitures, are conservatively estimated to decrease by 11.1% in Fiscal Year 2021-22 compared to audited Fiscal Year 2019-20 amounts.

Set forth in Table 1 are recent General Fund budgets and results of the City, excluding transfers in and out. During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council.

**TABLE 1
CITY OF MORENO VALLEY
GENERAL FUND BUDGETS AND RESULTS**

	<i>Fiscal Year 2017-18 Final Budget</i>	<i>Fiscal Year 2017-18 Audited Results</i>	<i>Fiscal Year 2018-19 Final Budget</i>	<i>Fiscal Year 2018-19 Audited Results</i>	<i>Fiscal Year 2019-20 Final Budget</i>	<i>Fiscal Year 2019-20 Audited Results</i>	<i>Fiscal Year 2020-21 Final Budget</i>	<i>Fiscal Year 2020-21 Unaudited Results</i>	<i>Fiscal Year 2021-22 Adopted Budget</i>
Revenues									
Property Taxes	\$ 13,930,000	\$ 14,696,576	\$ 14,704,000	\$ 15,623,696	\$ 16,208,300	\$ 17,217,684	\$ 16,637,300	\$ 18,432,636	\$ 18,026,000
Property Taxes in lieu ⁽¹⁾	18,300,000	18,406,258	19,600,000	19,577,636	20,730,000	21,232,068	21,290,000	22,738,372	23,855,000
Utility Taxes	16,200,000	15,629,102	16,000,000	15,483,806	15,617,540	15,499,534	15,717,540	16,275,808	15,717,540
Sales Taxes	18,275,000	19,192,515	19,918,810	21,208,442	16,376,010	20,498,386	17,924,103	28,523,710 ⁽⁵⁾	22,225,000
Other Taxes ⁽²⁾	12,262,037	11,764,029	12,599,000	12,303,492	11,728,787	12,970,014	12,627,832	15,018,631	15,233,787
Licenses & Permits	3,400,277	3,020,868	4,717,072	3,468,511	5,197,135	3,843,038	5,173,535	4,193,378	5,363,135
Intergovernmental	930,827	965,854	684,061	722,703	336,480	536,799	3,016,243	3,145,436	418,239
Charges for Services	12,770,824	13,673,162	13,137,033	13,650,496	11,859,947	11,947,306	11,400,533	12,516,707	12,531,982
Use of Money & Property	6,171,858	4,914,487	4,222,858	7,195,588	4,970,806	9,048,856	4,413,853	1,560,122	4,466,853
Fines & Forfeitures	662,050	612,357	662,050	729,939	449,500	573,901	301,343	764,279	499,500
Miscellaneous	97,197	250,155	69,647	223,303	172,336	416,775	165,600	864,339	166,000
Total Revenues	\$ 103,000,070	\$ 103,125,363	\$ 106,314,531	\$ 110,187,612	\$ 103,646,841	\$ 113,784,361	\$ 108,667,882	\$ 124,033,418	\$ 118,503,036
Expenditures									
Personnel Services	\$ 19,930,362	\$ 21,317,221	\$ 22,223,524	\$ 22,566,192	\$ 24,916,106	\$ 27,238,552	\$ 23,092,443	\$ 21,039,318	\$ 24,444,904
Contractual Services	67,304,151	63,611,354	71,242,099 ⁽³⁾	64,236,360	70,407,080	67,759,976	75,326,625 ⁽⁶⁾	69,416,701	82,714,899 ⁽⁶⁾
Materials & Supplies	5,784,998	4,476,098	5,421,077	2,895,779	5,771,579	3,249,489	4,252,613	3,052,290	1,240,580
Fixed Charges	6,176,169	5,961,968	5,909,611	5,631,501	4,934,911	5,540,701	4,934,910	5,282,096	6,166,821
Fixed Assets	366,678	243,806	74,680	-	355,878	64,888	57,546	48,944	-
Total Expenditures	\$ 99,562,358	\$ 95,610,447	\$ 104,870,991	\$ 95,329,832	\$ 106,385,554	\$ 103,853,606	\$ 107,664,137	\$ 98,839,349	\$ 114,567,204
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 3,437,712	\$ 7,514,916	\$ 1,443,540	\$ 14,857,780	\$ (2,738,713)⁽⁴⁾	\$ 9,930,755	\$ 1,003,745	\$ 25,194,069	\$ 3,935,832

⁽¹⁾ See the caption “—State of California Motor Vehicle In-Lieu Payments.”

⁽²⁾ Includes franchise fees, business license fees and transient occupancy tax revenues. See the caption “—Other Taxes.”

⁽³⁾ The increase in contractual services primarily reflects increased budgeted costs related to cannabis services, fire services and police protection services.

⁽⁴⁾ The budgeted deficiency in Fiscal Year 2019-20 reflected conservative budgeting and the anticipation that City reserves would be used to balance the budget in light of the COVID-19 outbreak.

⁽⁵⁾ Increase reflects restructured ownership of certain fulfillment centers and logistics warehouses in the City in Fiscal Year 2020-21, as a result of which certain sales tax revenues were delivered directly to the City rather than to the County sales tax pool. The City notes that the delivery of such revenues directly to the City may not recur in future Fiscal Years and believes that it is prudent to defer a portion of these revenues as a conservative budgeting measure. For these reasons, the City expects that final audited Fiscal Year 2020-21 sales tax revenue amounts will be lower than shown in the table by approximately \$4,100,000.

⁽⁶⁾ Increase in budgeted Contractual Services in Fiscal Year 2021-22 reflects temporary cost reductions of approximately 10% in contracts during Fiscal Year 2020-21 in response to the COVID-19 outbreak. In addition, scheduled increases in police and fire services provided by the County Sheriff and County Fire Department, respectively, went into effect in Fiscal Year 2021-22.

Sources: Adopted budgets of the City for Fiscal Years 2017-18 through 2021-22; audited financial statements of the City for Fiscal Years 2017-18 through 2019-20; City for Fiscal Years 2020-21 and 2021-22.

Change in Fund Balance of the City General Fund

Set forth in Table 2 are the City's General Fund statements of revenues, expenditures and changes in fund balance for the last five Fiscal Years.

TABLE 2
CITY OF MORENO VALLEY
GENERAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

	<i>Fiscal Year Ended June 30,</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021⁽¹⁾</i>
Revenues					
Taxes					
Property Taxes	\$ 13,593,075	\$ 14,696,576	\$ 15,623,696	\$ 17,217,684	\$ 18,432,636
Property Taxes in lieu ⁽²⁾	17,430,250	18,406,258	19,577,636	21,232,068	22,738,372
Utility Taxes	15,613,484	15,629,102	15,483,806	15,499,534	16,275,808
Sales Taxes	18,395,442	19,192,515	21,208,442	20,498,386	28,523,710 ⁽⁴⁾
Other Taxes ⁽³⁾	10,537,023	11,764,029	12,303,492	12,970,014	15,018,631
Licenses & Permits	2,860,486	3,020,868	3,468,511	3,843,038	4,193,378
Intergovernmental	548,813	965,854	722,703	536,799	3,145,436
Charges for Services	11,235,601	13,673,162	13,650,496	11,947,306	12,516,707
Use of Money & Property	1,495,992	4,914,487	7,195,588	9,048,856	1,560,122
Fines & Forfeitures	588,449	612,357	729,939	573,901	764,279
Miscellaneous	241,368	250,155	223,303	416,775	864,339
Total Revenues	<u>\$ 92,539,983</u>	<u>\$103,125,363</u>	<u>\$110,187,612</u>	<u>\$113,784,361</u>	<u>\$124,033,418</u>
Expenditures					
Current					
General Government	\$ 16,138,505	\$ 14,885,630	\$ 15,109,570	\$ 18,262,308	\$ 15,921,654
Public Safety	55,989,631	61,170,062	60,540,145	63,893,676	64,055,602
Community Development	6,581,760	10,280,985	11,402,636	11,931,934	10,124,249
Public Works	5,505,869	5,874,494	6,666,003	7,817,557	6,585,434
Capital Outlay	2,685,494	3,399,276	1,611,478	1,948,131	2,152,410
Total Expenditures	<u>\$ 86,901,259</u>	<u>\$ 95,610,447</u>	<u>\$ 95,329,832</u>	<u>\$103,853,606⁽⁵⁾</u>	<u>\$ 98,839,349</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>\$ 5,638,724</u>	<u>\$ 7,514,916</u>	<u>\$ 14,857,780</u>	<u>\$ 9,930,755</u>	<u>\$ 25,194,069</u>
Other Financing Sources (Uses)					
Transfers In	\$ 2,547,650	\$ 3,712,478	\$ 2,103,241	\$ 217,760	\$ 753,216
Transfers Out	<u>(3,176,672)</u>	<u>(11,673,178)</u>	<u>(6,949,286)</u>	<u>(5,411,389)</u>	<u>(4,820,216)</u>
Total Other Financing Sources (Uses)	<u>\$ (629,022)</u>	<u>\$ (7,924,700)</u>	<u>\$ (4,846,045)</u>	<u>\$ (5,193,629)</u>	<u>\$ (4,067,000)</u>
Net Change in Fund Balances	<u>\$ 5,009,702</u>	<u>\$ (409,784)</u>	<u>\$ 10,011,735</u>	<u>\$ 4,737,126</u>	<u>\$ 21,127,069</u>
Fund Balances, Beginning of Year	<u>\$ 51,122,035</u>	<u>\$ 56,131,738</u>	<u>\$ 55,721,954</u>	<u>\$ 65,733,689</u>	<u>\$ 70,470,815</u>
Fund Balances, End of Year	<u>\$ 56,131,737</u>	<u>\$ 55,721,954</u>	<u>\$ 65,733,689</u>	<u>\$ 70,470,815</u>	<u>\$ 91,597,884</u>

⁽¹⁾ Reflects unaudited actual results based on available information to date. Subject to change.

⁽²⁾ See the caption "—State of California Motor Vehicle In-Lieu Payments."

⁽³⁾ Includes franchise fees, business license fees and transient occupancy tax revenues. See the caption "—Other Taxes."

⁽⁴⁾ Increase reflects restructured ownership of certain fulfillment centers and logistics warehouses in the City in Fiscal Year 2020-21, as a result of which certain sales tax revenues were delivered directly to the City rather than to the County sales tax pool. The City notes that the delivery of such revenues directly to the City may not recur in future Fiscal Years and believes that it is prudent to defer a portion of these revenues as a conservative budgeting measure. For these reasons, the City expects that final audited Fiscal Year 2020-21 sales tax revenue amounts will be lower than shown in the table by approximately \$4,100,000.

⁽⁵⁾ Increase reflects one-time expenditures, including the purchase of a fire engine and multiple City fleet vehicles, as well as costs of personal protective equipment and other measures in response to the COVID-19 outbreak. See the caption "THE CITY—COVID-19 Outbreak."

Sources: Audited financial statements of the City for Fiscal Years 2016-17 through 2019-20; City for Fiscal Year 2020-21.

General Fund Balance Sheets of the City

Set forth in Table 3 are the City's General Fund balance sheets for the last five Fiscal Years.

TABLE 3
CITY OF MORENO VALLEY
GENERAL FUND BALANCE SHEETS

	<i>Fiscal Year Ended June 30,</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021⁽¹⁾</i>
Assets					
Pooled Cash and Investments	\$ 59,667,770	\$ 61,538,811	\$ 64,534,397	\$ 68,767,430	\$ 70,272,457
Receivables					
Accounts	2,126,501	2,147,268	2,081,202	2,207,456	2,422,637
Notes to Successor Agency	14,042,341	13,279,341	12,516,341	11,753,341	10,990,341
Interest	573,221	957,808	1,160,418	991,399	661,485
Other	-	-	-	7,336	7,336
Prepaid Costs	221,555	197,263	339,973	409,162	475,360
Due from Other Governments	4,632,696	4,900,166	5,608,118	4,873,657	6,238,761
Due from Other Funds	5,097,520	1,567,361	1,867,562	2,966,880	28,335,655
Advances to Other Funds	4,390,500	4,809,000	4,400,000	4,700,000	5,050,000
Land Held for Resale	-	2,860,044	2,860,044	2,860,044	2,856,471
Total Assets	<u>\$ 90,752,104</u>	<u>\$ 92,257,062</u>	<u>\$ 95,368,055</u>	<u>\$ 99,536,705</u>	<u>\$ 127,310,503</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	\$ 21,189,864	\$ 22,614,012	\$ 16,492,002	\$ 10,751,549	\$ 11,650,079
Accrued Liabilities	1,474,388	1,138,299	1,438,182	3,235,422	1,326,556
Deposit Payable	-	-	-	-	7,348,471
Unearned Revenues	899,810	1,149,339	643,741	432,970	623,312
Due to Other Governments	5,894	26,380	1,557	4,742,713	4,341,208
Total Liabilities	<u>\$ 23,569,956</u>	<u>\$ 24,928,030</u>	<u>\$ 18,575,482</u>	<u>\$ 19,162,654</u>	<u>\$ 25,289,626</u>
Deferred Inflows of Resources					
Unavailable Revenues	\$ 11,050,411	\$ 11,607,078	\$ 11,058,884	\$ 9,903,236	\$ 10,199,923
Total Deferred Inflows of Resources	<u>\$ 11,050,411</u>	<u>\$ 11,607,078</u>	<u>\$ 11,058,884</u>	<u>\$ 9,903,236</u>	<u>\$ 10,199,923</u>
Fund Balances					
Nonspendable					
Prepaid Costs	\$ 221,555	\$ 197,263	\$ 339,973	\$ 416,498	\$ 475,360
Land Held for Resale	-	2,860,044	2,860,044	2,860,044	2,856,471
Notes to Successor Agency	3,783,003	3,578,367	3,373,731	3,169,095	3,169,095
Advances to Other Funds	4,390,500	4,809,000	4,400,000	4,700,000	5,050,000
Committed to					
Revolving Line of Credit ⁽²⁾	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Maintenance of Pedestrian Bridge	167,954	180,763	195,276	195,276	225,234
Operating Reserve ⁽³⁾	10,591,737	11,063,331	13,392,552	13,392,552	13,392,552
Assigned to					
Economic Uncertainty Reserve ⁽⁴⁾	8,826,447	9,219,443	11,160,460	11,160,460	11,160,460
Continuing Appropriations	1,180,748	1,523,491	4,454,344	1,480,786	1,640,622
GASB 31	-	-	818,768	4,854,105	2,263,612
Unassigned	24,369,793	19,690,252	22,138,541	25,641,999	48,987,548
Total Fund Balances	<u>\$ 56,131,737</u>	<u>\$ 55,721,954</u>	<u>\$ 65,733,689</u>	<u>\$ 70,470,815</u>	<u>\$ 91,820,954</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 90,752,104</u>	<u>\$ 92,257,062</u>	<u>\$ 95,368,055</u>	<u>\$ 99,536,705</u>	<u>\$ 127,310,503</u>

⁽¹⁾ Reflects unaudited actual results based on available information to date. Subject to change.

⁽²⁾ Reflects moneys made available from the General Fund to the Electric Utility for liquidity purposes. No portion of the available amount has been drawn upon for over a decade. The Electric Utility has robust reserves and the City does not currently expect the Electric Utility to draw upon these moneys for the foreseeable future.

⁽³⁾ Also referred to in the Reserve Policy as the Emergency fund. See the caption "—General Economic Condition and Outlook of the City—Fiscal Policies."

⁽⁴⁾ Also referred to in the Reserve Policy as the Rainy Day fund. See the caption "—General Economic Condition and Outlook of the City—Fiscal Policies."

Sources: Audited financial statements of the City for Fiscal Years 2016-17 through 2019-20; City for Fiscal Year 2020-21.

Property Taxes

Property tax receipts of \$17,217,684 (excluding motor vehicle license fee in-lieu payments, which are discussed under the caption “—State of California Motor Vehicle In-Lieu Payments”), provided the third largest tax revenue source of the City in Fiscal Year 2019-20, contributing approximately 19.69% of General Fund tax revenues and approximately 15.13% of total General Fund revenues during Fiscal Year 2019-20.

The City’s Fiscal Year 2020-21 budget reflected the receipt of \$16,637,300 in property tax revenues, approximately 2.6% higher than the Fiscal Year 2019-20 budgeted amount. However, based on available information to date, the City currently estimates that actual Fiscal Year 2020-21 property tax receipts will be \$18,432,636.

Property in the State which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax that is levied on unsecured property 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 arising pursuant to State law on the secured property, regardless of the time of the creation of other liens.

The exclusive means of compelling the payment of delinquent taxes with respect to secured property is the sale of the property securing the taxes for the amount of taxes that are delinquent. The taxing authority has three methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) obtaining a judgment lien on certain property of the taxpayer from the county clerk or county recorder; and (3) seizing and selling personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. 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 the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 (“**Order N-61-20**”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code were suspended until May 6, 2021 to the extent that they required a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Such penalties, costs and interest were cancelled under the conditions provided for in Order N-61-20, including if the property was residential real property occupied by the taxpayer or qualified as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer filed a claim for relief with the tax collector and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response thereto. See the caption “THE CITY—COVID-19 Outbreak.” These actions prevented the City from receiving penalties and interest on delinquent property tax payments in 2020 and 2021, but did not have a material impact on total property tax revenues received by the City during such period.

State law also provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year.

See the caption “RISK FACTORS—Split Roll Initiative” for a discussion of an initiative that appeared on the November 2020 Statewide ballot which sought to amend provisions of State law relating to property taxes, including the provisions that are discussed above.

For a number of years, the State Legislature shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund (“ERAF”). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over \$3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2004-05 State Budget included an additional \$1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2004-05 and 2005-06.

On July 27, 2009, the Governor signed a revised Fiscal Year 2010 State budget that included an ERAF shift of approximately 8% of 1% *ad valorem* property tax revenues from certain local agencies, including the City.

On November 2, 2010, State voters approved Proposition 22, which: (i) prohibits the State of California from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State’s authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use vehicle license fee revenues to reimburse local governments for state-mandated costs.

Despite the passage of Proposition 22, there can be no assurance that 1% *ad valorem* property tax revenues which the City currently expects to receive will not be temporarily shifted from the City or reduced pursuant to State legislation enacted in the future, including in response to State budget deficits in the wake of the COVID-19 pandemic. See the caption “STATE OF CALIFORNIA BUDGET INFORMATION.” If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% property tax revenues by the City.

Set forth in Table 4 are the secured and unsecured assessed valuations for property in the City for the last five Fiscal Years.

**TABLE 4
CITY OF MORENO VALLEY
ASSESSED VALUATION HISTORY⁽¹⁾**

<i>Fiscal Year</i>	<i>Secured Value</i>	<i>Unsecured Value</i>	<i>Total Assessed Value</i>	<i>Less Exemptions</i>	<i>Taxable Assessed Value</i>	<i>Direct Tax Rate⁽²⁾</i>
2017	\$13,703,128	\$609,642	\$14,312,770	\$(265,286)	\$14,047,484	0.00172%
2018	14,517,849	584,791	15,102,640	(273,025)	14,829,615	0.00169
2019	15,490,166	637,631	16,127,798	(360,916)	15,766,881	0.00166
2020	16,780,625	718,741	17,499,366	(494,977)	17,004,389	0.00162
2021	17,993,472	744,145	18,737,617	(396,784)	18,340,823	0.00160

⁽¹⁾ Figures are in thousands of dollars.

⁽²⁾ The Direct Tax Rate is the ratio of the assessed valuations within the City to the amount of all property taxes collected in the County.

Sources: Comprehensive Annual Financial Report of the City for Fiscal Year Ended June 30, 2020; County Assessor’s Office.

Set forth in Table 5 are property tax collections (including amounts that do not constitute General Fund moneys) and delinquencies in the City as of June 30 for the last five Fiscal Years. Although the County has not formally adopted the 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 city in the County without regard to delinquencies in the payment of property taxes. As a result of this allocation method, the City receives no adjustments for redemption payments on delinquent collections. The City 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.

**TABLE 5
CITY OF MORENO VALLEY
PROPERTY TAX LEVIES AND COLLECTIONS**

<i>Fiscal Year</i>	<i>Total Tax Levy</i>	<i>Collections within the Fiscal Year of Levy⁽¹⁾</i>	<i>Percent of Levy Collected within the Fiscal Year of Levy</i>	<i>Collections in Subsequent Years</i>	<i>Percent of Levy Collected to Date</i>
2016	\$27,643,578	\$27,249,232	98.57%	\$394,345	100.00%
2017	28,476,155	28,270,448	99.28	205,707	100.00
2018	29,595,157	29,425,906	99.43	169,250	100.00
2019	30,459,787	30,334,346	99.59	125,440	100.00
2020	31,609,650	31,609,650	100.00	-	100.00

⁽¹⁾ The amounts shown in this column reflect all property tax collections of the City, including non-General Fund moneys. See Table 2 under the caption “—Change in Fund Balance of the City General Fund” for historic General Fund property tax revenues alone.

Source: Comprehensive Annual Financial Report of the City for Fiscal Year Ended June 30, 2020.

Information with respect to the ten largest property taxpayers in the City as shown on the Fiscal Year 2020-21 tax roll is set forth in Table 6.

**TABLE 6
CITY OF MORENO VALLEY
TEN LARGEST PROPERTY TAXPAYERS**

<i>Taxpayer</i>	<i>2021 Taxable Assessed Valuation</i>	<i>% of Total Assessed Valuation⁽¹⁾</i>
First Industrial LP ⁽²⁾	\$ 259,943,079	1.48%
TGA Centerpointe LLC ⁽²⁾	259,182,000	1.47
Duke Realty LP ⁽²⁾	257,816,612	1.47
Prologis	205,233,449	1.17
Breit MF Day Street LLC	168,633,887	0.96
Skechers USA, Inc.	163,966,169	0.93
Prologis Targeted US Logistics Fund	148,595,471	0.84
Ross Dress for Less, Inc.	145,842,276	0.83
FR California Moreno Valley	127,943,090	0.73
FR California Indian Avenue	121,662,713	0.69
TOTAL	\$ 1,858,818,746	10.56%

⁽¹⁾ Fiscal Year 2020-21 total taxable assessed value: approximately \$17,597,632,130.

⁽²⁾ Each of these taxpayers have filed property tax assessment appeals with the County. The City is unable to determine the likelihood of success of such appeals or the magnitude of reductions in property tax assessments as a result of successful appeals, if any.

Source: HdL Coren & Cone.

Sales Taxes

Sales tax receipts of \$20,498,386 provided the second largest tax revenue source for the City in Fiscal Year 2019-20, contributing approximately 23.44% of General Fund tax revenues and approximately 18.02% of total General Fund revenues during Fiscal Year 2019-20. Automobile sales at the Moreno Valley Auto Mall and business activity at fulfillment centers and logistics warehouses throughout the City contribute significantly to such receipts.

A sales tax is imposed on retail sales or consumption of personal property and collected and distributed by the California Department of Tax and Fee Administration (the “CDTFA”). The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City is 7.75%.

As discussed under the caption “THE CITY—COVID-19 Outbreak,” the Governor extended the deadline to file and pay first quarter sales and use tax returns by 90 days for all but the very largest taxpayers, and up to 361,000 California businesses with less than \$5 million in taxable annual sales will be allowed to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions resulted in delays in the receipt by the City of its portion of such tax payments.

Additional information relating to sales tax receipts by the City is set forth in Appendix F.

The City Council has placed a measure on the November 2, 2021 ballot to increase the sales tax rate in the City from 7.75% to 8.75%, with no sunset provision. This rate would match the sales tax rate in certain neighboring cities. If the increase in the sales tax rate is approved by City voters, the additional sales tax proceeds, which are currently estimated at approximately \$20 million per year, would be applied to a variety of general purposes, including public safety, infrastructure and transportation. There can be no assurance that City voters will approve the increase in the sales tax rate, and the City’s Fiscal Year 2021-22 budget does not reflect the receipt of any additional sales tax proceeds arising from an increase in the sales tax rate.

Utility Taxes

Utility tax receipts of \$15,499,534 provided the fourth largest tax revenue source for the City in Fiscal Year 2019-20, contributing approximately 17.73% of General Fund tax revenues and approximately 13.62% of total General Fund revenues during Fiscal Year 2019-20. The utility tax is imposed upon utility users in the City, including users of electricity, gas, telephone, mobile telephone and water services, at the rate of 5.75%. Exemptions are available for low-income residents. Proceeds of the utility tax are used to fund police, fire, library, school crossing guard, animal control, code enforcement and street maintenance programs and other activities funded by the General Fund.

The City notes that the utility tax does not have a sunset provision and has been a stable revenue source which has enabled the City to manage its finances during economic downturns that negatively affected other tax revenue sources, including the 2008-09 financial crisis and the pandemic-induced recession in 2020.

Other Taxes

Other tax receipts of \$12,970,014 collected by the City in Fiscal Year 2019-20, including but not limited to transient occupancy taxes, business license taxes, franchise fees and property transfer taxes, provided approximately 14.83% of General Fund tax revenues and 11.40% of total General Fund revenues during Fiscal Year 2019-20. Transient occupancy tax revenues and business license tax revenues were not materially different in Fiscal Year 2019-20 from the prior Fiscal Year, despite the outbreak of COVID-19 in the last quarter of Fiscal Year 2019-20. Revenues from such sources increased in Fiscal Year 2020-21, based on unaudited actual results, even as the pandemic continued.

The City anticipates the construction of two new hotels within the City by the end of Fiscal Year 2023. The City expects that the opening of such hotels will contribute to increases in transient occupancy tax revenues in the future.

On November 6, 2018, City voters approved Measure M, a tax on commercial cannabis activity at the rate of 10% of the sales price (excluding excise taxes) of cannabis products. The City has made 42 cannabis business permits available, of which 6 are currently in use. The City estimates that Measure M is generating approximately \$35,000 per month in tax revenues. The amount of Measure M tax revenues collected in Fiscal Year 2020-21, based on unaudited actual results to date, was approximately \$1.3 million.

Services

Fees of \$26,366,675 collected for services provided by the City in Fiscal Year 2019-20, including but not limited to fees for plan checks and other planning services, issuance of building permits, police services, and public works projects, provided approximately 23.17% of General Fund revenues during Fiscal Year 2019-20. Such amounts reflect the sum of the “Licenses & Permits,” “Intergovernmental,” “Charges for Services,” “Use of Money and Property,” “Fines & Forfeitures” and “Miscellaneous” line items shown in Tables 1 and 2 above.

The City notes that most recreation programs were cancelled in 2020 as a result of the COVID-19 outbreak, resulting in reduced fees and other revenues from such programs. However, the City, with some modifications, has provided development services throughout the pandemic and revenues from these services were not materially different from prior years.

State of California Motor Vehicle In-Lieu Payments

The State imposes a Vehicle License Fee (the “VLF”), which is the portion of the fees paid in lieu of personal property taxes on a vehicle. The VLF is based on vehicle value and declines as the vehicle ages. Prior to the adoption of the Fiscal Year 2004-05 State Budget, the VLF was 2% of the value of a vehicle. Through legislation in prior Fiscal Years, the State enacted VLF reductions under which the State was required to “backfill” local governments for their revenue losses resulting from the lowered fee. The Fiscal Year 2004-05 State Budget permanently reduced the VLF from 2% to 0.65% of the value of a vehicle and deleted the requirement for backfill payments, providing instead that the amount of the backfill requirement will be met by an increase in the property tax allocation to cities and counties. See the caption “STATE OF CALIFORNIA BUDGET INFORMATION.”

VLF receipts totaled \$21,232,068 in Fiscal Year 2019-20. Such revenues provided the largest tax revenue source for the City in Fiscal Year 2019-20, contributing approximately 24.28% of General Fund tax revenues and approximately 18.66% of total General Fund revenues.

**TABLE 7
CITY OF MORENO VALLEY
STATE OF CALIFORNIA MOTOR VEHICLE IN-LIEU PAYMENTS**

<i>Source</i>	<i>Fiscal Year Ended June 30,</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021⁽¹⁾</i>
Motor Vehicle In-Lieu Payments	\$17,430,250	\$18,406,258	\$19,577,636	\$21,232,068	\$22,738,372

⁽¹⁾ Reflects unaudited actual results based on available information to date. Subject to change.
Source: City.

Other Indebtedness

General Fund-Supported Debt.

2011 Private Placement Obligation – Public Safety Building Refunding. In 2011, the City and the Authority entered into a lease arrangement (the “**2011 Private Placement Obligation**”) pursuant to which: (i) the City leased the City Hall Annex and Fire Station 65 to the Authority in exchange for a lump sum payment; and (ii) the Authority subleased such property back to the City in exchange for lease payments payable through November 1, 2022. Proceeds of the 2011 Private Placement Obligation were applied to refund certain prior obligations of the City entered into in 1997. The lease payments bear interest at the rate of 3.98%. As of June 30, 2021, the 2011 Private Placement Obligation was outstanding in the principal amount of \$649,000.

The City has covenanted in the 2011 Private Placement Obligation to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including the General Fund, on a basis that is substantially similar to the Facilities Sublease in connection with the Bonds.

2013 Bonds. In 2013, the Authority issued its Lease Revenue Refunding Bonds Series 2013 (the “**2013 Bonds**”) to refinance certain capital improvements of the City and the Electric Utility. The 2013 Bonds mature on November 1, 2022 and bear interest at rates varying from 1% to 5% per annum. The 2013 Bonds are payable from rental payments payable from the City to the Authority under a Master Facilities Sublease, dated as of December 1, 2013 (the “**2013 Sublease**”), by and between the City and the Authority. The leased assets under the 2013 Sublease include City Hall, the City’s Public Safety Building/Emergency Operations Center, Morrison Park Fire Station No. 99, Sunnymead Park, Woodland Park and John F. Kennedy Veterans Memorial Park. As of June 30, 2021, the portion of the 2013 Bonds payable from the General Fund was outstanding in the aggregate principal amount of \$2,830,000, with the remaining \$335,000 payable from business-type activities.

The City has covenanted in the 2013 Sublease to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including the General Fund, on a basis that is substantially similar to the Facilities Sublease in connection with the Bonds.

2014 Bonds. In November 2014, the Authority issued its Lease Revenue Refunding Bonds Series 2014 (the “**2014 Bonds**”) to refinance certain capital improvements of the City and the Electric Utility. The 2014 Bonds mature on November 1, 2035 and bear interest at rates varying from 2% to 5% per annum. The 2014 Bonds are payable from rental payments by the City to the Authority under the 2013 Sublease. The leased assets under the 2013 Sublease include City Hall, the City’s Public Safety Building/Emergency Operations Center, Morrison Park Fire Station No. 99, Sunnymead Park, Woodland Park and John F. Kennedy Veterans Memorial Park. As of June 30, 2021, the portion of the 2014 Bonds payable from the General Fund was outstanding in the aggregate principal amount of \$22,602,069, with the remaining \$2,662,931 payable from business-type activities.

The City has covenanted in the 2013 Sublease to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including the General Fund, on a basis that is substantially similar to the Facilities Sublease in connection with the Bonds.

Series 2019 Bonds. In April 2019, the Authority issued the Series 2019 Bonds to finance certain capital improvements of the City and the Electric Utility. The Series 2019 Bonds mature on May 1, 2049 and bear interest at the rate of 4% per annum. The Series 2019 Bonds are payable from rental payments by the City to the Authority under the Facilities Sublease. As of June 30, 2021, the Series 2019 Bonds were outstanding in the aggregate principal amount of \$15,830,000.

The City has covenanted in the Facilities Sublease to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including the General Fund, in the same manner as for the Series 2021 Bonds.

2021 Streetlight Financing. In August 2021, the City entered into a lease agreement with Banc of America Leasing & Capital (“**BALCAP**”) that is payable from available moneys of the City, including the General Fund, although payments are expected to be made from revenues of the City’s electric utility. Pursuant to this agreement, BALCAP provided \$7,402,587 to the City to refinance the purchase of approximately 9,411 streetlights from Southern California Edison and the retrofitting of approximately 1,734 streetlights owned by the City to LED standards. The agreement matures in June 2034 and carries an annual interest rate of 3.47%. As of August 2021, the agreement was outstanding in the aggregate principal amount of \$7,402,587.

Other Long-Term Debt. As of June 30, 2021, the City had \$19,830,000 aggregate principal amount of obligations under an Installment Sale Agreement, dated as of October 1, 2020 (the “**2020 ISA**”), by and between the City and the California Statewide Communities Development Authority. The 2020 ISA is payable from proceeds of a retail transactions and use tax imposed by the County.

Short-Term Debt. The City currently has no short-term debt outstanding. As discussed in footnote (2) to the table under the caption “—General Fund Balance Sheets,” the City has made available (as a potential interfund transfer) up to \$2.6 million from the General Fund to the Electric Utility for liquidity purposes. No portion of the available amount has been drawn upon for over a decade. The Electric Utility has robust reserves and the City does not currently expect the Electric Utility to draw upon these moneys for the foreseeable future.

Estimated Direct and Overlapping Bonded Debt. The estimated direct and overlapping bonded debt of the City as of June 30, 2021 is set forth in Table 8. The information in Table 8 has been derived from data assembled and reported to the City by California Municipal Statistics, Inc. None of the City, the Authority or the Underwriter has independently verified the information in Table 8 and the City, the Authority and the Underwriter do not guarantee its accuracy.

TABLE 8
CITY OF MORENO VALLEY
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT

Fiscal Year 2020-21 Assessed Valuation: \$18,330,703,756

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/21	% Applicable ⁽¹⁾	City's Share of Debt 6/30/21
Metropolitan Water District	\$ 26,830,000	0.562%	\$ 150,785
Riverside County Flood Control and Water Conservation District Zone 4	10,260,000	30.762	3,156,181
Eastern Municipal Water District, I.D. No. U-22	2,113,000	98.954	2,090,898
Riverside City Community College District	309,273,024	15.207	47,031,149
Mount San Jacinto Community College District	262,750,000	0.023	60,433
Moreno Valley Unified School District	216,638,521	82.711	179,183,887
San Jacinto Unified School District	61,181,638	0.673	411,752
Val Verde Unified School District	193,235,383	35.939	69,446,864
Moreno Valley Unified School District Community Facilities District No. 2002-1	5,555,000	100.000	5,555,000
Moreno Valley Unified School District Community Facilities District No. 2003-1 & 2	9,240,000	100.000	9,240,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	2,165,000	100.000	2,165,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	4,470,000	100.000	4,470,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	2,975,000	100.000	2,975,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	3,655,000	100.000	3,655,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	3,590,000	100.000	3,590,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	22,675,000	100.000	22,675,000
Moreno Valley Unified School District Community Facilities District No. 2005-1	6,400,000	100.000	6,400,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3, 4, & 5	22,580,000	100.000	22,580,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	4,865,000	100.000	4,865,000
Moreno Valley Unified School District Community Facilities District No. 2015-2	6,260,000	100.000	6,260,000
Moreno Valley Unified School District Community Facilities District No. 2015-3	4,055,000	100.000	4,055,000
Moreno Valley Unified School District Community Facilities District No. 2016-1	5,215,000	100.000	5,215,000
Moreno Valley Unified School District Community Facilities District No. 2017-1	3,600,000	100.000	3,600,000
Val Verde Unified School District Community Facilities District No. 98-1	12,950,000	100.000	12,950,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,370,000	100.000	2,370,000
Val Verde Unified School District Community Facilities District No. 2014-1	6,840,000	100.000	6,840,000
Eastern Municipal Water District Community Facilities Districts	15,834,000	100.000	15,834,000
City of Moreno Valley Community Facilities District No. 5	5,120,000	100.000	5,120,000
City of Moreno Valley Community Facilities District No. 7, I.A. No. 1	3,040,000	100.000	3,040,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	990,000	100.000	990,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$455,975,949
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$717,525,698	5.852%	\$ 41,989,604
Riverside County Pension Obligation Bonds	881,575,000	5.852	51,589,769
Moreno Valley Unified School District Certificates of Participation	7,030,000	82.711	5,814,583
San Jacinto Unified School District Certificates of Participation	41,995,000	0.673	282,626
Val Verde Unified School District Certificates of Participation	52,945,000	35.939	19,027,904
Western Municipal Water District Certificates of Participation	6,815,211	0.139	9,473
City of Moreno Valley General Fund Obligations	74,744,000	100.000	74,744,000⁽²⁾
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$193,457,959
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	 \$68,530,000	 29.646 - 100.000%	 \$ 47,775,570
 TOTAL DIRECT DEBT			 \$ 74,744,000
TOTAL OVERLAPPING DEBT			\$622,465,478
 COMBINED TOTAL DEBT			 \$697,209,478⁽³⁾

Ratios to Fiscal Year 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.49%
Total Direct Debt (\$74,744,000).....	0.41%
Combined Total Debt.....	3.80%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,071,315,051):

Total Overlapping Tax Increment Debt.....	1.17%
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⁽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 each such district's total taxable assessed value.

⁽²⁾ Does not reflect issuance of Series 2021 Bonds.

⁽³⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Retirement Contributions

Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by GASB Statement No. 68 (“**GASB 68**”). GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer’s balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer’s actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City’s accounting and reporting requirements, but it does not change the City’s pension plan funding obligations.

The City participates in a Miscellaneous plan to fund pension benefits for employees. The City’s pension plan is administered by CalPERS. CalPERS administers an agent multiple-employer public employee defined benefit pension plan for all of the City’s full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.

City employees are subject to different benefit levels based on their hire date. Current benefit provisions for City employees are set forth below.

CITY OF MORENO VALLEY CALPERS PENSION PLANS – SUMMARY OF BENEFIT PROVISIONS

	<i>Employees Hired Before December 23, 2011</i>	<i>Employees Hired between December 23, 2011 and December 31, 2012</i>	<i>Employees Hired after December 31, 2012 (Not Previously CalPERS members)</i>
Benefit Formula	2.7% @ age 55	2.0% @ age 55	2.0% @ age 62
Benefit Vesting	5 years of service	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Minimum Retirement Age	50-55	50-55	52-62
Monthly Benefits as % of Eligible Compensation	2.0% - 2.7%	1.426% - 2.418%	1.0% - 2.5%
Employee Normal Cost	7.51% ⁽¹⁾	7.51% ⁽¹⁾	6.75% ⁽¹⁾
Employer Normal Cost Rate	12.19%	12.19%	12.19%

⁽¹⁾ These employees are required to make the full employee contribution.
Source: City.

Contributions to the City’s pension plan consist of contributions from plan participants (i.e., employees) and contributions by the City.

City employees who were hired on and after January 1, 2013 and who were not previously CalPERS members receive benefits based on a 2.0% at age 62 formula. Such employees are required to make the full amount of required employee contributions themselves under the California Public Employees’ Pension Reform Act of 2013 (“**AB 340**”), which was signed by the State Governor on September 12, 2012. AB 340 established a new pension tier for such employees. Benefits for such participants are calculated on the highest average annual compensation over a consecutive 36-month period. Employees are required to pay at least 50% of the total normal cost rate. AB 340 also capped pensionable income as noted below. Amounts are set

annually, subject to Consumer Price Index increases, and retroactive benefits increases are prohibited, as are contribution holidays and purchases of additional non-qualified service credit.

**CITY OF MORENO VALLEY
PENSIONABLE INCOME CAPS FOR CALENDAR YEAR 2021
(AB 340 AND NON-AB 340 EMPLOYEES)**

	<i>Employees Hired Before January 1, 2013 (Non-AB 340 Employees)</i>	<i>Employees Hired On or After January 1, 2013 (AB 340 Employees)</i>
Maximum Pensionable Income	\$290,000	\$153,671
Maximum Pensionable Income if also Participating in Social Security	N/A	\$128,059

Source: City.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of AB 340 are expected to reduce the City’s unfunded pension liability and potentially reduce City contribution levels in the long term.

The City is also required to contribute the actuarially determined remaining amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The total minimum required employer contribution is the sum of: (i) the plan’s employer normal cost rate, which funds pension benefits for current employees for the upcoming Fiscal Year (expressed as a percentage of payroll); plus (ii) the employer unfunded accrued liability contribution amount, which funds pension benefits that were previously earned by current and former employees (billed monthly).

For Fiscal Year 2020-21, required employer normal cost rates as a percentage of payroll were 12.440%, 12.440% and 12.440% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012, respectively. For Fiscal Year 2021-22, required employer normal cost rates as a percentage of payroll are 12.19%, 12.19% and 12.19% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012, respectively.

For Fiscal Year 2020-21, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous plan was \$5,626,820. For Fiscal Year 2021-22, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous plan is \$6,352,762; the City paid this amount in a lump sum on July 20, 2021.

Beginning in Fiscal Year 2017-18, CalPERS began collecting employer contributions toward a pension plan’s unfunded liability as dollar amounts instead of the prior method of a percentage of payroll. According to CalPERS, this change was intended to address potential funding issues that could arise from a declining payroll or a reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to underfunding of pension plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection for informational purposes only. Contributions toward a pension plan’s unfunded liability will continue to be collected as set dollar amounts.

The City’s required contributions to CalPERS fluctuate each year and, as noted, include a normal cost component and a component equal to an amortized amount of the unfunded liability. Many assumptions are used to estimate the ultimate liability of pensions and the contributions that will be required to meet those

obligations. The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions. CalPERS earnings reports for Fiscal Years 2009-10 through 2019-20 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. Preliminary returns for Fiscal Year 2020-21 indicate an investment gain of 21.3%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City. The City notes that CalPERS' earnings in Fiscal Year 2019-20 were below its investment targets as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. See the caption "THE CITY—COVID-19 Outbreak."

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from 7.50% to 7.00% over a three period. For public agencies such as the City, the new discount rate took effect July 1, 2017. Lowering the discount rate means that employers which contract with CalPERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013 will also see their contribution rates rise under AB 340. The reduction of the discount rate will result in average employer rate increases of approximately 1% to 3% of normal cost as a percentage of payroll for most retirement plans such as the City's plans. Additionally, many employers will see a 30% to 40% increase in their current unfunded accrued liability payments (relative to the unfunded accrued liability payments projected in the June 30, 2015 valuation report) for pension plans. These payments are made to amortize unfunded liabilities over 20 years to bring pension funds to a fully funded status over the long-term.

The announcement on July 12, 2021 that CalPERS achieved a preliminary investment return of 21.3% could cause the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. There can be no assurance as to whether or when the CalPERS Board of Administration will consider lowering the discount rate.

Portions of the above disclosures are primarily derived from information that has been produced by CalPERS, its independent accountants and its actuaries. The City has not independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS.

The comprehensive annual financial reports of CalPERS are available on CalPERS' Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information that concerns benefits and other matters. The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future.

The City's Miscellaneous plan had a total net pension liability of approximately \$72,896,273 for Fiscal Year 2019-20 (as of the measurement date of June 30, 2019). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For Fiscal Year 2019-20, the City incurred Miscellaneous plan pension expenses of \$11,738,885.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2019-20 is shown below.

**CITY OF MORENO VALLEY
ACTUARIAL ASSUMPTIONS FOR CALPERS PENSION PLAN**

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB 68
Asset Valuation Method	Market Value of Assets
<i>Actuarial Assumptions:</i>	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by entry age and service
Investment Rate of Return	7.375% net of pension plan investment and administrative expenses; includes projected inflation rate of 2.75%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data from a 2014 actuarial experience study for the period from 1997-2011.
Source: City.

Changes in the net pension liability for the City's pension plans in the most recent Fiscal Year for which information is available were as follows:

**CITY OF MORENO VALLEY
CHANGES IN CALPERS PENSION PLANS NET PENSION LIABILITY**

	<i>Increase / (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability / (Asset)</i>
Balance at June 30, 2018 (Measurement Date)	\$ 207,884,851	\$ 139,792,584	\$ 68,092,267
Balance at June 30, 2019 (Measurement Date)	<u>221,313,159</u>	<u>148,416,886</u>	<u>72,896,273</u>
Net Changes for period from July 1, 2018 through June 30, 2019	\$ 13,428,308	\$ 8,624,302	\$ 4,804,006

Source: City.

The table below presents the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2019-20 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the Fiscal Year 2019-20 rate:

**CITY OF MORENO VALLEY
SENSITIVITY OF THE CALPERS PENSION PLANS NET PENSION LIABILITY
TO CHANGES IN THE DISCOUNT RATE**

	<i>Discount Rate – 1% (6.15%)</i>	<i>Applicable Discount Rate (7.15%)</i>	<i>Discount Rate + 1% (8.15%)</i>
<i>Plan's Net Pension Liability/(Asset)</i>	\$102,797,734	\$72,896,273	\$48,179,991

Source: City.

For additional information relating to the City's plan, see Note 8 to the City's audited financial statements set forth in Appendix B.

Other Post-Employment Benefits

The City provides post-employment health care benefits to qualified retired employees. Employees are eligible for such benefits if they were hired prior to September 30, 2011 and retire directly from the City at or after age 50 with at least five years of CalPERS membership. Employees hired after September 30, 2011 are not eligible for such benefits; the City no longer offers such benefits to employees hired after September 30, 2011. The City administers a single-employer defined benefit post-employment healthcare plan (the “**OPEB Plan**”). Benefits vary by hire date and employment status (Management or Non-Management), and continue to surviving spouses. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance.

At December 31, 2018 (the census date), the following employees were covered by the benefit terms:

<i>Category</i>	<i>Count</i>
Active employees	296
Inactive employees or beneficiaries currently receiving benefit payments	270
Inactive employees entitled to but not yet receiving benefit payment	0

Source: City.

The City funds benefits under the OPEB Plan based on an Actuarially Determined Contribution (the “**ADC**”). For the year ended June 30, 2020, the City’s ADC contribution rate was 4.62% of covered employee payroll. Employees do not contribute to the plan, but instead pay the difference between the benefit that they receive and the monthly premium for that benefit.

GASB has issued two pronouncements, known as GASB 74 and GASB 75, related to funding and accounting for the OPEB Plan. Under these pronouncements, OPEB Plan benefits are intended to be accounted for in a manner that is similar to the accounting treatment of pensions under GASB 68. See the caption “—Retirement Contributions.” Under GASB 74 and 75, unfunded OPEB Plan benefits will be recognized on the City’s financial statements and the City is required to use the Entry Age actuarial cost method when calculating OPEB Plan liabilities. In addition, a 20-year municipal bond rate is used to discount unfunded OPEB Plan payments and the long-term rate of return on plan investments is used to discount benefits that are projected to be paid by plan assets.

The City retained Precision Actuarial Inc., San Francisco, California (the “**Actuarial Consultant**”) to calculate the City’s post-employment benefits funding status. In a report for the Fiscal Year ended June 30, 2020 (the “**Report**”), the Actuarial Consultant concluded that, as of June 30, 2020, the City’s unfunded actuarial accrued liability for post-employment benefits was \$8,175,011. The Actuarial Consultant also concluded that the City’s ADC is \$908,656.

The City is not required to fund the amortization of the unfunded actuarial liability. Prior to June 2009, the City’s policy was to pay for OPEB Plan costs as they are incurred. In June 2009, the City Council approved the establishment of an irrevocable trust to fund OPEB Plan benefits (the “**OPEB Trust**”) with the California Employers’ Retiree Benefit Trust, an agent multiple-employer plan that is administered by CalPERS, and approved and authorized an agreement with CalPERS to administer the OPEB Trust on its behalf. As of June 30, 2021, the City held \$15,414,175 in the OPEB Trust. Based on the most recent actuarial valuation, the actuarial unfunded liability of the OPEB Plan was estimated to be approximately \$8,175,011 using a methodology that is compliant with GASB 75.

Changes in the total liability for the City’s OPEB Plan for Fiscal Year 2019-20 were as follows.

**CITY OF MORENO VALLEY
CHANGES IN OPEB PLAN LIABILITY**

	<i>Increase / (Decrease)</i>		
	<i>Total OPEB Plan Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Plan Liability / (Asset)</i>
Balance at June 30, 2019	\$ 16,792,895	\$ 10,339,408	\$ 6,453,487
Net Changes for period from July 1, 2019 through June 30, 2020	<u>2,350,888</u>	<u>629,364</u>	<u>1,721,524</u>
Balance at June 30, 2020	\$ 19,143,783	\$ 10,968,772	\$ 8,175,011

Source: City.

The following table presents the net liability of the OPEB Plan, calculated using the discount rate applicable to Fiscal Year 2019-20 (6.17%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.17%) or 1 percentage point higher (7.17%) than the current rate:

**CITY OF MORENO VALLEY
SENSITIVITY OF THE OPEB PLAN TOTAL LIABILITY
TO CHANGES IN THE DISCOUNT RATE**

	<i>Discount Rate – 1% (5.17%)</i>	<i>Current Discount Rate (6.17%)</i>	<i>Discount Rate + 1% (7.17%)</i>
Plan’s Total Liability/(Asset)	\$10,285,254	\$8,175,011	\$6,387,930

Source: City.

Future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City’s annual required OPEB Plan contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB Plan benefits will have a material adverse effect on the ability of the City to pay the Series 2021 Bonds.

For additional information relating to the City’s OPEB Plan, see Note 9 to the City’s audited financial statements set forth in Appendix B.

City Investment Policy

The City invests its funds in accordance with the City’s investment policy (the “**Investment Policy**”), which was most recently reviewed and revised by the City Council on May 18, 2021. In accordance with Section 53600 *et seq.* of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. The City’s Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth a stated objective, among others, of insuring the safety of invested funds by limiting credit and market risks. Eligible investments are generally limited to the Local Agency Investment Fund which is operated by the California State Treasurer, the County investment pool for local agencies, local agency bonds, U.S. Treasury Bills, Notes and Bonds, obligations issued by United States Government agencies, FDIC-insured or negotiable certificates of deposit, repurchase agreements, banker’s acceptances and commercial paper rated A1/P1, as applicable, or better, and money market funds rated in the highest category

by Moody's or S&P or administered by a domestic bank with long-term debt rated in one of the top two categories of Moody's and S&P. Funds are invested in the following order of priority:

- Safety of Principal;
- Liquidity; and
- Return on Investment.

The City Treasurer is required to provide a quarterly report to the City Manager and the City Council showing the type of investment, date of maturity, amount invested, current market value, rate of interest, and other such information as may be required by the City Council.

A summary of the City's investments as of June 30, 2021 is set forth in the below table. Approximately \$212,981,117 (69.24%) of the total investment portfolio as of June 30, 2021 was attributed to the General Fund.

**CITY OF MORENO VALLEY
SUMMARY OF INVESTMENTS**

<i>Investment Type</i>	<i>Investment Maturity</i>				
	<i>6 Months or Less</i>	<i>6 Months to 1 Year</i>	<i>1 to 3 Years</i>	<i>3 to 5 Years</i>	<i>Total</i>
Asset-Backed Securities	\$ -	\$ -	\$ 6,035,647	\$ 9,365,625	\$ 15,401,272
Collateralized Mortgage Obligations	792,793	-	9,680,863	-	10,473,656
Federal Home Loan Bank	2,512,060	-	11,583,823	12,830,520	26,926,403
Federal Home Loan Mortgage Corp.	-	-	-	3,703,911	3,703,911
Federal National Mortgage Assn.	-	-	-	20,332,682	20,332,682
Local Agency Investment Fund	129,061,156	-	-	-	129,061,156
Medium Term Notes	2,774,769	1,924,238	17,532,930	18,837,871	41,069,808
Money Market	10,340,218	-	-	-	10,340,218
Supranationals	-	1,692,788	865,963	6,792,837	9,351,588
United States Treasury Obligations	100,515	3,539,278	20,898,042	14,955,595	39,493,430
Totals	<u>\$145,581,511</u>	<u>\$ 7,156,304</u>	<u>\$ 66,597,268</u>	<u>\$ 86,819,041</u>	<u>\$306,154,124</u>

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

For additional information relating to the City's investments, see Note 3 to the City's audited financial statements set forth in Appendix B.

RISK FACTORS

Prospective purchasers of the Series 2021 Bonds should consider carefully all possible factors that may affect the ability of the City to pay Base Rental Payments under the Facilities Sublease. The Series 2021 Bonds may not be a suitable investment for all prospective purchasers.

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2021 Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2021 Bonds and there can be no assurance that other risk factors will not become material in the future. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series 2021 Bonds

The Series 2021 Bonds are special obligations of the Authority, payable solely from Base Rental Payments on a parity with the Series 2019 Bonds and the other assets pledged under the Trust Agreement. Neither the faith and credit nor the taxing power of the Authority, the City, the State, or any political subdivision thereof, is pledged to the payment of the Series 2021 Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the County or the State or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City, the County or the State has levied or pledged any form of taxation.

Although the Facilities Sublease does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Facilities Sublease to pay the Base Rental Payments and Additional Payments from any source of legally available funds, and the City has covenanted in the Facilities Sublease to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due thereunder in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues. See the caption “CITY FINANCIAL INFORMATION—Other Indebtedness—General Fund-Supported Debt.”

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues, including without limitation pension obligations and essential services. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event that the City’s revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Facilities Sublease. The same result could occur if, because of State Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City’s appropriations have never exceeded the limitation on appropriations under Article XIII B of the State Constitution. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII B of the State Constitution.”

Abatement

In the event of substantial interference with the City’s right to use and occupy any portion of the Property by reason of damage to or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Abatement.” The amount of abatement will be such that the resulting payments of Base Rental Payments and Additional Rental Payments do not exceed the fair rental value for the use and possession of the remaining portions of the Property as to which the City has beneficial use and occupancy and as to which such damage or destruction or defect in title do not substantially interfere.

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

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the

time of the abatement. If the latter, the value of the Property could be substantially higher or lower than its value at the time of the issuance of the Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Bonds.

If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Facilities Sublease and the Trust Agreement, no remedy is available to the Series 2021 Bond Owners for nonpayment under such circumstances.

Initiative and Referendum

The ability of the City to comply with its covenants under the Facilities Sublease and to generate revenues that are sufficient to pay Base Rental Payments may be adversely affected by actions and events outside the control of the City, including without limitation actions taken (or not taken) by voters. Under the State Constitution, voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. The Authority and the City are unable to predict whether any such initiatives might be submitted to or approved by the voters, the nature of such initiatives, or their potential impact on the City and its operations. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Future Initiatives.”

Value of Property

In the event that the Trustee re-enters or re-lets the Property upon the occurrence of an Event of Default, there can be no assurance such actions will provide funds in an amount that is sufficient to pay the principal of and interest on the Series 2021 Bonds. The security under the Facilities Sublease extends only to the Authority’s leasehold interest in the Property granted under the Facilities Lease and is subject to the restrictions of the Facilities Lease and all other use restrictions applicable to the site. The Property has not been appraised in connection with the issuance of the Series 2021 Bonds.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

Sales and use tax revenues are among the largest sources of the City’s General Fund revenues each year. See the caption “CITY FINANCIAL INFORMATION.”

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, in times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to decline. An economic recession would also be expected to affect hotel occupancy within the City, and consequently, the City’s receipt of transient occupancy taxes. See the captions “THE CITY—COVID-19 Outbreak” and “CITY FINANCIAL INFORMATION.”

In addition, changes or amendments in the laws applicable to the City’s receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

Many categories of transactions are exempt from the Statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this

exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the CDTFA for administering the City's sales tax could also be changed.

As discussed under the caption "THE CITY—COVID-19 Outbreak," the Governor extended the deadline to file and pay first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers, and up to 361,000 California businesses with less than \$5 million in taxable annual sales were allowed to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. The extension resulted in a delay in the receipt by the City of its portion of sales tax payments for 2020. There can be no assurance that additional extensions of payment deadlines will not be ordered should the COVID-19 outbreak continue or economic recessions occur in the future.

Furthermore, as noted in Tables 1 and 2 under the caption "CITY FINANCIAL INFORMATION," restructured ownership of certain fulfillment centers and logistics warehouses in the City resulted in an increase in sales tax revenues in Fiscal Year 2020-21 as certain sales tax revenues were delivered directly to the City rather than to the County sales tax pool. The City notes that the delivery of such revenues directly to the City may not recur in future Fiscal Years and believes that it is prudent to defer a portion of these revenues as a conservative budgeting measure. For these reasons, the City expects that final audited Fiscal Year 2020-21 sales tax revenue amounts will be lower than shown in Tables 1 and 2 by approximately \$4,100,000.

Assessed Value of Taxable Property

Property taxes are among the largest sources of the City's General Fund revenues each year. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, erosion, civil unrest or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See the captions "—Natural Disasters" and "—Hazardous Substances."

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. The total assessed value could also be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIII A of the State Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8 in 1978, require the County assessor to annually enroll either a property's adjusted base year value (the "**Proposition 13 Value**") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, such lower value is referred to as the "**Proposition 8 Value**."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make Base Rental Payments.

Split Roll Initiative

An initiative measure (the “**Split Roll Initiative**”) to amend Article XIII A of the State Constitution qualified for the State’s November 2020 ballot. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIII A of the State Constitution.” Although it was not adopted by State voters, the Split Roll Initiative would have based property taxes for commercial and industrial properties on periodic analyses of market values beginning in tax year 2020-21. Such market values would have been reassessed by the applicable county assessor’s office at least once every three years. The Split Roll Initiative included exceptions for businesses with a total market value of less than \$2 million (adjusted for inflation), which would have continued to be subject to property taxes based on purchase price, and exempted from property tax assessments up to \$500,000 of the value of personal property, or all personal property for businesses with fewer than 50 employees. Although the Split Roll Initiative was not adopted, there can be no assurance that a similar initiative will not be brought before voters in the future. The City is unable to predict how the adoption of such a future initiative would affect the level of commercial building activity within the City and the relationship between the assessed value of different land use types (i.e. residential versus commercial) in the City, or what other impacts such an initiative might have on the local economy or the City’s financial condition, including the receipt of property tax revenues.

Increasing Retirement-Related Costs

The City is required to make contributions to CalPERS and to its OPEB Plan for City employees and retirees. Such obligations are a significant financial obligation of the City and could increase in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns and future changes to benefits or actuarial assumptions. The City notes that pension contributions in future years may increase as a result of investment losses in CalPERS’ portfolio. There can be no assurance that actual increases in required contributions will not be higher than the amounts which are currently projected by the City. See the captions “CITY FINANCIAL INFORMATION—Retirement Contributions” and “CITY FINANCIAL INFORMATION—Other Post-Employment Benefits.”

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, wildfire, windstorm, drought, earthquake, landslide, mudslide, subsidence or flood, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of the Base Rental Payments. The City does not maintain earthquake insurance for the Property.

Earthquakes are considered a threat to the City due to the highly active seismic region and the proximity of fault zones, which could influence the entire southern coastal portion of the State. There are also likely to be unmapped faults in or near the City. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future. However, no major earthquake has caused substantial damage to the City to date.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage. The effects of such a quake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation.

In recent years, wildfires have caused extensive damage throughout the State. In some instances, entire neighborhoods have been destroyed. Several of the fires that occurred in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. Some commentators believe that climate change will lead to even more frequent and more damaging wildfires in the future. Additionally, wildfires increase the risk of mudslides in areas like those in the City that are surrounded by hillsides because, when wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides and excess water running off the hillsides often causing flash flooding. In general, property damage due to wildfire or mudslides could result in a significant decrease property tax and other revenues received by the City.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make the Base Rental Payments. Reduced ability to make the Base Rental Payments could affect the payment of the principal of and interest on the Series 2021 Bonds. The City maintains liability insurance and property casualty insurance (for losses other than from seismic events) for the Property. See the caption “THE CITY—Risk Management.” However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Climate Change

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

The City has retained a consultant to develop a Climate Action Plan (the “CAP”) as part of the City’s comprehensive General Plan update, which will guide the City’s planning and development through 2040. Public comments on the draft CAP, which will inventory the City’s sources of greenhouse gas emissions and implement a plan to monitor and reduce them, were accepted through May 2021. There can be no assurance as to the ultimate provisions of the CAP or the timing of the adoption thereof.

Cybersecurity

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers and an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal.

The City employs a multi-layer cyber protection scheme that includes weekly vulnerability scans by the Cybersecurity Infrastructure and Security Agency (part of the United States Department of Homeland Security), next-generation firewalls, anti-virus software, anti-spam/malware software, intrusion detection/prevention, domain name system filtering services by the Multi-State Information Sharing and Analysis Center, duplicate systems in a disaster recovery site and multiple copies of all information that is backed up. The City implements recommended strategies suggested by security vendors and makes internal system changes as needed. To date, the City has not experienced a significant attack on its computer operating systems. However, there is no assurance that a future attack or attempted attack would not result in disruption of City operations. The City expects that any such disruptions would be temporary in nature.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property, and therefore property tax revenue available to make Base Rental Payments, would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property 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 laws with regard to hazardous substances are also stringent and similar in effect. Under many of these laws, the owner or operator may be required 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 property within the City be affected by a hazardous substance, could be to reduce the marketability and value of such property 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.

The City has not independently verified, but is not aware of, the presence of any hazardous substances on the Property. Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, 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. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel and could result in substantial delays in completing planned development on parcels that are currently undeveloped.

Other Financial Matters

Due to weakness in the economy of the State and the United States, it is possible that the general revenues of the City will decline. Such financial matters may have a detrimental impact on the City’s General Fund, and, accordingly, may reduce the City’s ability to make Base Rental Payments. See the caption “CITY FINANCIAL INFORMATION.”

In addition, City expenses could also rise as a result of unforeseen events, including but not limited to increases in pension obligations or a determination that the Successor Agency’s payment obligations under various agreements with the City are not enforceable obligations. Such a determination could require the City to make payments that were expected to come from Successor Agency funds from General Fund moneys or cause moneys received from the Successor Agency to be lower than budgeted. See the caption “STATE OF CALIFORNIA BUDGET INFORMATION—Redevelopment Dissolution.”

Limitation on Trustee’s Obligations under the Trust Agreement

The Trustee has no obligation to advance its own funds to pursue any remedies. As a consequence, the Trustee’s willingness and ability to pursue any of the remedies provided in the Trust Agreement or Facilities Sublease may be dependent upon the availability of funds from an interested party. Additionally, the Trustee is not required to acquire possession of the Property if doing so subjects it to potential liability. There can be no assurance that the Trustee will be willing and able to perform its duties under the Trust Agreement.

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Facilities Sublease: (a) to substitute alternate real property for any portion of the Property; (b) to add additional real property to the Property; or (c) to release a portion of the Property from the Facilities Sublease, upon compliance with all of the conditions set forth in the Facilities Sublease. After a substitution or release, the portion of the Property for which the substitution or release has

been effected will be released from the leasehold encumbrance of the Facilities Sublease. Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels. See the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Substitution, Addition and Removal of Property” and “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS — Additional Bonds.”

Although the Facilities Sublease requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments becoming due in the then current Fiscal Year or in any subsequent Fiscal Year, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series 2021 Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See Appendix A.

The Trust Agreement requires, among other things, that upon the issuance of Additional Bonds, the Facilities Lease and the Facilities Sublease will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Payments, in any Fiscal Year is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Additional Bonds” for a full description of the requirements that must be met in order for the Authority to issue Additional Bonds.

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Facilities Sublease, or failure to observe and perform any other terms, covenants or conditions contained in the Facilities Sublease or in the Trust Agreement for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Facilities Sublease and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Facilities Sublease or in the Trust Agreement to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise to declare any Base Rental Payments not then in default to be immediately due and payable, nor do the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Facilities Sublease.

The enforcement of any remedies provided in the Facilities Sublease and the Trust Agreement could prove both expensive and time consuming. The rights and remedies provided in the Facilities Sublease and the Trust Agreement may be limited by and are subject to: (i) the limitations on legal remedies against cities in the State, including State constitutional limits on expenditures and limitations on the enforcement of judgments against funds that are needed to serve the public welfare and interest; (ii) federal bankruptcy laws, as now or later enacted, as discussed in detail under the caption “—Limitations on Remedies” below; (iii) applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or later in effect; (iv) equity principles which may limit the specific enforcement under State law of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the federal Constitution; and (vi) the reasonable and necessary exercise, in certain exceptional situations, of the police powers that are inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose.

If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Facilities Sublease and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Facilities Sublease to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Facilities Sublease, retake possession of the Property and proceed against the City to recover damages pursuant to the Facilities Sublease. Due to the specialized and limited nature of the Property, existing Permitted Encumbrances (as such term is defined in Appendix A) on the Property, and the restrictions on its use, it is unlikely that the Trustee would be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Bonds when due. Similar limitations and constraints would apply to any property substituted for the Property pursuant to the Facilities Sublease. Moreover, the Trustee is not empowered to sell the Property for the benefit of the Owners of the Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” and “THE PROPERTY” and Appendix A.

Possible Insufficiency of Insurance Proceeds

The Facilities Sublease obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Facilities Sublease and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to redeem or pay principal of and interest on the Series 2021 Bonds when due. In addition, certain risks, such as earthquakes and floods, are not required to be covered under the Facilities Sublease, and therefore, are not carried by the City. See the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS—Insurance” and “THE CITY—Risk Management.”

Limitations on Remedies

The rights of the Owners of the Series 2021 Bonds are subject to the limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Furthermore, the remedies available to the Owners of the Series 2021 Bonds upon the occurrence of an event of default under the Trust Agreement or the Facilities Sublease are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Additionally, enforceability of the rights and remedies of the Owners of the Series 2021 Bonds, and the obligations incurred by the City or the Authority, may become subject to the provisions of Title 11 of the United States Code (the “**Bankruptcy Code**”) and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or later 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 cities in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights. Under Chapter 9 of the Bankruptcy Code, which governs the bankruptcy proceedings for public agencies such as the City or the Authority, involuntary petitions are not permitted. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Series 2021 Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their

rights under the Facilities Sublease, and from taking any steps to collect amounts due from the City under the Facilities Sublease. Similarly, if the Authority were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Series 2021 Bonds, the Trustee and the Authority could be prohibited from taking any steps to enforce their rights under the Facilities Sublease, and from taking any steps to collect amounts assigned by the Authority to the Trustee under the Facilities Sublease.

In particular, if the City or the Authority were to become a debtor under the Bankruptcy Code, the City or the Authority, as applicable, would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the Authority or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City or the Authority, and which could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment that is superior to that of Owners of the Series 2021 Bonds; and (iv) the possibility of the adoption of a plan (an “**Adjustment Plan**”) for the adjustment of the City’s or the Authority’s various obligations, as the case may be, over the objections of the Trustee or all of the Owners of the Series 2021 Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is “fair and equitable” and in the best interests of creditors. The Adjustment Plans approved by the Bankruptcy Courts in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease revenue obligations that were substantially identical or similar to the Series 2021 Bonds. The City and the Authority can provide no assurances about the outcome of the bankruptcy cases of other California municipalities or the nature of any Adjustment Plan if either entity were to file for bankruptcy.

In addition, the City could either reject the Facilities Sublease or the Facilities Lease or assume the Facilities Sublease or the Facilities Lease despite any provision of the Facilities Sublease or the Facilities Lease that makes the bankruptcy or insolvency of the City an event of default thereunder. If the City rejects the Facilities Sublease or the Facilities Lease, the Trustee, on behalf of the Owners of the Bonds, would have a pre-petition unsecured claim that may be substantially limited in amount, and this claim would be treated in a manner under an Adjustment Plan over the objections of the Trustee or Owners of the Bonds. Moreover, such rejection would terminate the Facilities Sublease and the City’s obligations to make payments thereunder. The City may also be permitted to assign the Facilities Sublease or the Facilities Lease to a third party, regardless of the terms of the transaction documents.

The opinion to be delivered by Bond Counsel concurrently with the execution and delivery of the Series 2021 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the Series 2021 Bonds will be similarly qualified. See Appendix C. In the event that the City fails to comply with its covenants under the Facilities Sublease or fails to pay Base Rental Payments, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the Series 2021 Bonds.

No Liability of Authority to the Owners

Except as expressly provided in the Trust Agreement, the Authority has no obligation or liability to the Owners of the Series 2021 Bonds with respect to: (a) the payment when due of the Base Rental Payments by the City; (b) the performance by the City of other agreements and covenants required to be performed by it contained in the Facilities Sublease or the Trust Agreement; or (c) the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Secondary Market

There can be no guarantee that there will be a secondary market for the Series 2021 Bonds or, if a secondary market exists, that the Series 2021 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Impact of State Budget

At various times, including recently, the State has experienced significant financial and budgetary stress. State budgets are affected by national and local economic conditions and other factors over which the City has no control. The State's financial condition and budget policies affect communities and local public agencies throughout the State.

A number of the City's revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, including as a result of the COVID-19 outbreak that is discussed under the caption "THE CITY—COVID-19 Outbreak," there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION." The State's ability to undertake such revenue reductions or shifting has been limited by provisions of the State Constitution. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 22." However, to the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

For example, declining revenues and fiscal difficulties that arose in the State commencing in Fiscal Year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools, until a later date in the fiscal year, or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, among others, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies.

Although starting with Fiscal Year 2013-14, recent State budgets have been balanced, largely attributable to improvements in the economy, the additional revenues generated due to the passage of Proposition 30 at the November 6, 2012, Statewide election, as well as other spending cuts, there can be no certainty that budget-cutting strategies such as those used in prior years will not be used in the future, should the State budget again be stressed and if projections included in such budget do not materialize, or that Proposition 30 will be renewed.

Litigation

The City may be or become a party to litigation that has an impact on the General Fund. Although the City maintains certain insurance policies that provide liability coverage under certain circumstances and with respect to certain types of incidents (as discussed under the caption "THE CITY—Risk Management"), the City cannot predict what types of liabilities may arise in the future.

Covenant to Budget and Appropriate

Under the Facilities Sublease, the City has covenanted to take such actions as are necessary to include the Base Rental Payments and the estimated Additional Rental Payments in its annual budgets and to make the necessary annual appropriations for all Base Rental Payments. Such covenant is deemed to be a duty imposed by law, and it is the duty of the public officials of the City to take such actions and do such things as are required by law in the performance of the official duty of such officials to enable such entity to carry out and perform such covenants. A court, however, in its discretion may decline to enforce such covenant. Upon execution and delivery of the Series 2021 Bonds, Bond Counsel will render its opinion (substantially in the form of Appendix C) to the effect that, subject to certain limitations and qualifications, the Facilities Sublease constitutes a valid and binding obligation of the City.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for the public purposes by the City) is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease as of the day possession is taken. If less than all of the Property is taken permanently, or if the Property or any part thereof is taken temporarily, under the power of eminent domain, and the remainder is usable for public purposes by the City at the time of such taking: (a) the Facilities Sublease will continue in full force and effect as to such remainder, and will not be terminated by virtue of such taking; and (b) there will be a partial abatement of Base Rental Payments as a result of the application of insurance proceeds of any eminent domain award to the prepayment of the Base Rental Payments, in an amount to be agreed upon by the City and the Authority such that the resulting Base Rental Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

If all or a portion of the Property were condemned, there can be no assurance that any such award or payment will be sufficient at the time to prepay or defease all of the then-Outstanding Series 2021 Bonds. If the award is less than the amounts remaining on such Outstanding Series 2021 Bonds, then the Owners will be paid less than the amounts remaining on such Outstanding Series 2021 Bonds.

Change in Law

No assurance can be given that the State or the City electorate will not at some future time adopt initiatives, or that the State Legislature will not enact legislation that will amend the laws of the State, in a manner that could result in a reduction of the City's revenues and, therefore, a reduction of the funds legally available to the City to make Base Rental Payments.

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Insured Bonds when due, the owners of the Insured Bonds will have a claim under the Policy for such payments. See the caption "BOND INSURANCE." In the event that the Insurer becomes obligated to make payments with respect to the Insured Bonds, no assurance can be given that such event will not adversely affect the market for the Series 2021 Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the Insured Bonds when due under the Policy, the Insured Bonds will be payable solely from Revenues and amounts held in certain funds and accounts established under the Trust Agreement, as described under the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS."

The long-term rating on the Insured Bonds is dependent in part on the financial strength of the Insurer and its claims-paying ability. The Insurer's financial strength and claims-paying ability are predicated upon a number of factors which could change over time. If the long-term ratings of the Insurer are lowered, such event could adversely affect the market for the Series 2021 Bonds. See the caption "RATINGS."

None of the Authority, the City or the Underwriter has made an independent investigation of the claims-paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is being made by the Authority, the City or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Insured Bonds, potential investors should carefully consider the ability of the City to make Base Rental Payments and the Authority to pay principal and interest on the Insured Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of the Insurer through final maturity of the Insured Bonds.

So long as the Policy remains in effect and the Insurer is not in default of its obligations thereunder, the Insurer has certain notice, consent and other rights under the Trust Agreement and will have the right to control all remedies for default under the Trust Agreement with respect to the Insured Bonds. The Insurer is not required to obtain the consent of the owners of the Insured Bonds with respect to the exercise of remedies. See Appendix A.

STATE OF CALIFORNIA BUDGET INFORMATION

Although the State is not a significant source of City revenues, there can be no assurance that the State's annual budget or other legislation will not materially adversely affect the financial condition of the City, in particular given that the City receives certain revenues such as sales tax proceeds and VLF from the State. The following information describes the State budget process and the current and upcoming State budgets.

General

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "DOF"), <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "LAO") at <http://www.lao.ca.gov>. In addition, various State Official Statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City or the Authority, and the City and the Authority take no responsibility for the continued accuracy of these Internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

Budget for State Fiscal Year 2020-21

On June 29, 2020, the Governor signed into law the State budget for State fiscal year 2020-21 (the "2020-21 Budget"). The following information is drawn from summaries of the 2020-21 Budget prepared by the DOF and the LAO.

The 2020-21 Budget acknowledged that the rapid onset of COVID-19 has had an immediate and severe impact on the State's economy. The ensuing recession caused significant job losses and precipitous drops in family and business income and has exacerbated income inequality. The 2020-21 Budget reported that the official unemployment rate exceeded 16% in both April and May 2020.

The 2020-21 Budget included a number of measures intended to address a projected deficit of \$54.3 billion occasioned principally by declines in the State's three main tax revenues (personal income, sales and use and corporate, as discussed above). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State's traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Drawdown of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the State’s basic reserve fund, known as the Budget Stabilization Account (the “BSA”), \$450 million from the Safety Net Reserve and all money in the Public School System Stabilization Account.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would have been restored if at least \$14 billion in federal funds were received by October 15, 2020. Such funds were not received. The triggers include \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.
- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, \$8.1 billion of which has already been received. This relief includes recent Congressional approval for a temporary increase in the federal government’s share of Medicaid costs, a portion of the State’s Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education spending. Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.
- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in State fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, and higher ongoing revenues above the budget forecast and lower health and human services caseload costs than assumed by the budget forecast.

For State fiscal year 2019-20, the 2020-21 Budget projects total State general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion. The State is projected to end State fiscal year 2019-20 with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund.

For State fiscal year 2020-21, the 2020-21 Budget projects total State general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end State fiscal year 2020-21 with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional State general fund reserve (of which \$716 million is earmarked for COVID-19-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum school funding guarantee for fiscal year 2020-21 is \$70.1 billion, approximately \$10 billion below the revised prior-year funding level. For K-12 school districts, this results in per-pupil spending in fiscal year 2020-21 of \$10,654, a reduction of \$1,339 from the prior year.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provides for \$1.9 billion in Local Control Funding Formula apportionment deferrals for State fiscal year 2019-20. The deferrals increase to \$11 billion in State fiscal year 2020-21, which results in Local Control Funding Formula funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspends the statutory cost of living adjustment in State fiscal year 2020-21. Of the total deferrals, \$5.8 billion will be cancelled in State fiscal year 2020-21 if sufficient federal funding for this purpose is received.
- *CalSTRS/CalPERS* – The 2020-21 Budget redirects \$2.3 billion in funds that were previously appropriated for prefunding California State Teachers Retirement System (“CalSTRS”) and CalPERS liabilities, instead applying them to further reduce local educational agency contribution rates for such programs in State fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates are reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22.
- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds recently awarded to the State. Of this amount, approximately \$1.5 billion will be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount will be allocated to state-level activities.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counts towards the Proposition 98 funding guarantee.

For additional information regarding the 2020-21 Budget, see the DOF and LAO websites. The information presented on such websites is not incorporated herein by reference.

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

Budget for State Fiscal Year 2021-22

On July 16, 2021, the Governor signed a series of bills representing the State budget for State fiscal year 2021-22 (the “**2021-22 Budget**”). The Governor’s signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June 2021 to meet the required State Constitutional budget deadline. The following is drawn from the DOF summary of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor’s proposed State budget for State fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021 (as discussed under the caption “THE CITY—COVID-19 Outbreak”), continued stock market appreciation and a significantly upgraded economic forecast from the prior State fiscal year. The 2021-22 Budget also reports that the State has received approximately \$285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For State fiscal year 2020-21, the 2021-22 Budget projects total general fund revenues and transfers of \$188.8 billion and authorizes expenditures of \$166.1 billion. The State is projected to end State fiscal year 2020-21 with total available reserves of \$39.8 billion, including \$25.1 billion in the traditional general fund reserve, \$12.3 billion in the BSA, \$1.9 billion in the Public School System Stabilization Account and \$450 million in the Safety Net Reserve Fund. For State fiscal year 2021-22, the 2021-22 Budget projects total general fund revenues and transfers of \$175.3 billion and authorizes expenditures of \$196.4 billion. The State is projected to end State fiscal year 2021-22 with total available reserves of \$25.2 billion, including \$4 billion in the traditional general fund reserve, \$15.8 billion in the BSA, \$4.5 billion in the Public School System Stabilization Account and \$900 million in the Safety Net Reserve Fund.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for State fiscal year 2021-22 at \$93.7 billion. This results in per-pupil funding of \$13,976 from Proposition 98 funding, growing to \$21,555 when accounting for all funding sources. The 2021-22 Budget also makes retroactive increases to the minimum school funding guarantee in fiscal years 2019-20 and 2020-21, setting them at \$79.3 billion and \$93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$47 billion from the level projected by the 2020-21 Budget.

Other significant features of the 2021-22 Budget include the following:

- General Apportionments – An increase of \$395 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) \$371.2 million to fund a 5.07% cost of living adjustment, and (ii) \$23.8 million to fund 0.50% enrollment growth.
- Deferrals – \$1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which \$144.6 million is from State fiscal year 2019-20, \$1.1 billion is from State fiscal year 2020-21 and \$229.8 million is from State fiscal year 2021-22.
- Student Assistance – \$250 million in one-time ARP Act funds to support emergency student financial assistance grants. The 2021-22 Budget also provides \$160 million in Proposition 98 funding for student assistance, comprised of \$100 million in one-time funding available over three years to address student basic needs including food and housing insecurity, \$30 million in ongoing funding to support student mental health services and \$30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.
- Workforce Programs – \$42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides \$20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.
- Facilities – \$581.4 million in State general obligation bond funding, including \$8.2 million to start nine new capital outlay projects and \$573.2 million for the construction phase of 32 projects anticipated to complete design by the spring 2022. In addition, the 2021-22 Budget provides \$511 million in one-time Proposition 98 funding to address deferred maintenance.

For additional information regarding the 2021-22 Budget, see the DOF and LAO websites. The information presented on such websites is not incorporated herein by reference.

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

There can be no assurance that additional legislation will not be enacted in the future to implement provisions relating to the State budget, address the COVID-19 outbreak or otherwise that may affect the City or its General Fund revenues.

Potential Impact of State Financial Condition on the City

The State has experienced significant financial stress in recent years, with budget shortfalls in the several billions of dollars. The State also has a significant unfunded liability with respect to other post-employment benefits and the two main retirement systems managed by State entities, CalPERS and CalSTRS.

Current and future State budgets will be significantly affected by factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with future recessions and resulting changing State revenues and expenditures. There can be no assurance that the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. Although the State is not a significant source of City revenues, there can be no assurance that State actions to respond to adverse economic conditions will not materially adversely affect the financial condition of the City. The State's ability to undertake such revenue reductions or shifting has been limited by provisions of the State Constitution. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 22."

Redevelopment Dissolution

General. On December 29, 2011, the State Supreme Court upheld Assembly Bill 1x26 ("**AB 1x26**"), which dissolved redevelopment agencies in the State. The effect of AB 1x26 upon the City is the termination of the redevelopment functions of the Community Redevelopment Agency of the City of Moreno Valley (the "**Former Agency**") and the transfer of such functions to a successor agency (the City, referred to in this context as the "**Successor Agency**"), which was tasked with winding down the Former Agency's redevelopment activities. Under AB 1x26, the Successor Agency cannot enter into new redevelopment projects or obligations and its assets can be used only to pay enforceable obligations, which enforceable obligations are generally limited to obligations in existence in mid-2011, when AB 1x26 was signed by the Governor. In addition, the Successor Agency will receive tax increment revenues in amounts that are sufficient to pay 100% (but no greater amount) of such enforceable obligations until such obligations (including accrued interest, as applicable) are paid in full, at which time the Successor Agency will be dissolved. Certain tax revenues formerly allocable to the Former Agency will continue to be available to the Successor Agency to pay certain obligations, and a portion of such revenues may be redirected to other taxing agencies, such as the County, the local school districts and the City. The Successor Agency's activities are subject to review by an oversight board established under AB 1x26. Under AB 1x26, liabilities of the Successor Agency are not liabilities of the City.

On June 27, 2012, the Governor signed Assembly Bill 1484 ("**AB 1484**"), which made certain amendments to AB 1x26. Under AB 1484, the County Auditor-Controller, the DOF and the State Controller may require the return of funds that were improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by AB 1x26 and AB 1484, and if such funds are not returned within 60 days, they may be recovered through an offset of sales and use tax or property tax allocations to the relevant local agency, which, in the case of the Successor Agency, is the City.

On September 22, 2015, the following amendments to AB 1x26 and AB 1484 were enacted as Senate Bill 107 ("**SB 107**"): (1) redevelopment successor agencies that enter into a written agreement with the DOF to remit unencumbered cash to the county auditor-controller will receive a finding of completion, which provides successor agencies with additional fiscal tools and reduced State oversight; (2) successor agencies that have a "Last and Final" ROPS (as discussed below) may expend a portion of proceeds of bonds issued in 2011, which proceeds are currently frozen; (3) pension or State Water Project override revenues that are not pledged

to or not needed for redevelopment bond debt service will be returned to the entity that levies the override; (4) agreements relating to State highway improvements and money loaned to successor agencies to pay costs associated with redevelopment dissolution litigation will be considered enforceable obligations; and (5) reentered agreements entered into after the passage of AB 1484 are unenforceable unless entered into for the purpose of providing administrative support.

SB 107 also: (a) requires the preparation of a Recognized Obligation Payment Schedule with respect to enforceable obligations (a “**ROPS**”), which are required to be submitted to the oversight board and the DOF in accordance with AB 1x26, once a year beginning with the ROPS period that commenced on July 1, 2016 (rather than twice a year under prior law); (b) establishes an optional “Last and Final” ROPS process beginning in September 2015; under this process, a successor agency that elected to submit a “Last and Final ROPS would no longer submit a periodic ROPS and the enforceable obligations set forth in the “Last and Final” ROPS would be binding on all parties; and (c) clarifies that former tax increment caps and plan limits do not apply for the purposes of paying approved enforceable obligations.

Impact on the City. Significant provisions of AB 1x26, AB 1484, SB 107 and implementing actions of affected parties, including the Successor Agency, the oversight board, the County and the DOF, may be subject to legal challenge, statutory or administrative changes and other clarifications which could affect the impact of the dissolution of redevelopment on the City and its General Fund. The DOF has periodically proposed additional legislation which would modify statutes affecting redevelopment dissolution; it is not known whether additional legislation will be enacted. The full extent of the impact of the implementation of AB 1x26, AB 1484 and SB 107 or potential future legislation on the City’s General Fund is unknown at this time. While certain administrative costs previously charged to the Former Agency by the General Fund will no longer be supported by the Successor Agency, certain property tax revenues formerly allocated to the Former Agency will now be received by the City’s General Fund.

The City does not believe that it has received material amounts from the Former Agency or the Successor Agency which may be asserted to be in violation of AB 1x26 or AB 1484.

Successor Agency Obligations to the General Fund. Although AB 1x26 generally invalidates agreements between host cities and their former redevelopment agencies, provision is made for the enforcement of agreements entered into with respect to obligations which meet certain specified criteria. The City believes that the Successor Agency’s payment obligations under a note relating to the Moreno Valley Mall at Towngate (the “**Towngate Regional Mall Note**”) and miscellaneous other advances (the “**Other Advances**”) to the Former Agency, each as described below, constitute enforceable obligations of the Successor Agency. The City expects that the Successor Agency will continue to be able to apply tax increment revenues to the payment of such obligations. The City has listed the Towngate Regional Mall Note and the Other Advances in its ROPS, and such obligations have been approved as enforceable obligations by the Successor Agency’s oversight board and the DOF. However, there can be no assurance that such entities, the State Controller, other State or County bodies implementing the dissolution of redevelopment or a court will not disagree with the City’s interpretation and seek to prohibit the Successor Agency from making the payments on the Towngate Regional Mall Note and the Other Advances in the future, or that additional legislation could be enacted which will not be consistent with the City’s interpretation. There can also be no assurance that AB 1x26, AB 1484 and/or subsequent implementing statutes will not interfere with the receipt by the City from the Successor Agency of the amounts contemplated to be received by the City pursuant to the Towngate Regional Mall Note, the Other Advances or otherwise.

As of June 30, 2021, the Towngate Regional Mall Note was outstanding in the principal amount of \$10,990,341. The Towngate Regional Mall Note originated from a participation agreement (as amended) whereby the Former Agency acquired certain parcels within the Moreno Valley Mall at Towngate for subsequent transfer to anchor tenants. The Towngate Regional Mall Note bears interest at the rate of 7.25% per annum and is payable from the property tax increment and up to 50% of the sales tax revenues generated from the acquired parcels. In Fiscal Year 2004, the City purchased the rights to the Towngate Regional Mall

Note from the holder thereof and, thereafter, has received the associated interest and principal payments related thereto. Through negotiations with the DOF, the City has reached an agreement which amends the terms of the Towngate Regional Mall Note such that \$1,400,000 will now be paid annually to the City from revenues in the Redevelopment Property Tax Trust Fund maintained by the County Auditor-Controller with respect to the former redevelopment project areas within the City through December 2035. On September 23, 2014 and September 24, 2014, respectively, the Successor Agency and the Successor Agency's oversight board approved resolutions that incorporate terms of the agreement reached between the City and the DOF. Such resolutions provided for the restructuring of the Towngate Regional Mall Note payment schedule for submission to the DOF. The restructured payment schedule was approved as part of the 2014/15B ROPS on November 15, 2014.

As of June 30, 2021, the Other Advances were outstanding in the principal amount of \$5,050,000. The Other Advances were used by the Former Agency for various redevelopment purposes and are payable from available Successor Agency moneys. The Other Advances bear interest at the rate of 12% per annum but do not have a specific maturity date.

To the extent that the Successor Agency's assets are liquidated for distribution of proceeds to the affected taxing entities, the City currently expects that the City's General Fund will receive approximately 11% of such assets.

Future State Budgets

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in future years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the City has no control.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

There are a number of provisions in the State Constitution that limit the ability of the City to raise and expend tax revenues.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. The amendment, which added Article XIII A to the State Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value', or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to December 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after December 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition (55% in the case of

certain school facilities). Property taxes subject to Proposition 13 are a significant source of the City's General Fund revenues. See the caption "CITY FINANCIAL INFORMATION."

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

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

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by 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 certain other limited circumstances.

Article XIII B of the State Constitution

At the Statewide special election on November 6, 1979, the voters approved an initiative entitled "Limitation on Government Appropriations," which added Article XIII B to the State Constitution. Under Article XIII B, State and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues and investment proceeds thereof, certain State subventions and regulatory license fees, user charges and user fees to the extent that the proceeds thereof exceed the costs of providing such services, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of October 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIII B, if those entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIII B of the State Constitution.

Proposition 62

A statutory initiative ("**Proposition 62**") was adopted by the voters of the State at the November 4, 1986 general election which: (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were

upheld by the State Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220 (1995).

Proposition 62 applies to the imposition of any taxes or the implementation of any tax increases after its enactment in 1986, but the requirements of Proposition 62 are largely subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See the caption “—Proposition 218” below.

Proposition 218

On November 5, 1996, State voters approved Proposition 218, an initiative measure entitled the “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Proposition 218 states that all taxes imposed by local governments are deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge may be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (a) the *ad valorem* property tax imposed pursuant to Articles XIII and XIII A of the State Constitution; (b) any special tax receiving a two-thirds vote pursuant to the State Constitution; and (c) assessments, fees and charges for property related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such new provisions will presumably be to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

Proposition 218 also extended the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from general taxes purported to be governed by Proposition 218 as discussed under the caption “CITY FINANCIAL INFORMATION—Other Taxes,” all of such taxes were imposed in accordance with the requirements of Proposition 218. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges which support the City’s General Fund.

Unitary Property

Some of the property tax revenue received by the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“**unitary property**”). Under the State Constitution, such property is assessed by the CDTFA as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the CDTFA, taxed at special county-wide rates, and the tax revenues are distributed to taxing jurisdictions (including the City) according to statutory formula generally based on the distribution of taxes in the prior year.

Proposition 22

On November 2, 2010, voters in the State approved Proposition 22, which eliminates the State’s ability to borrow or shift local revenues and certain State revenues that fund transportation programs. Proposition 22 restricts the State’s authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties and special districts, the VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel, and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State’s ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Future Initiatives

Articles XIII A and XIII B and Propositions 62, 218, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted that further affect the City’s current revenues or its ability to raise and expend revenues.

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements

described herein, interest on the Series 2021 Bonds is exempt from State of California personal income tax and is *not* excluded from gross income for federal income tax purposes under Section 103 of Internal Revenue Code of 1986, as amended (the “Code”).

With certain exceptions, the difference between the issue price of a Series 2021 Bond (the first price at which a substantial amount of the Series 2021 Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Series 2021 Bond will increase the Beneficial Owner’s basis in the Series 2021 Bond. Beneficial Owners of the Series 2021 Bonds should consult their own tax advisors with respect to taking into account any original issue discount on the Series 2021 Bonds.

The amount by which a Beneficial Owner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Series 2021 Bond may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Beneficial Owner’s basis in the applicable Bond (and the amount of taxable interest received with respect to the Series 2021 Bonds), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Beneficial Owner realizing a taxable gain when a Series 2021 Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2021 Bond to the Beneficial Owner. The Beneficial Owners of the Series 2021 Bonds that have a basis in the Series 2021 Bonds that is greater than the principal amount of the Series 2021 Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the Series 2021 Bonds, such Bonds might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bond Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the Series 2021 Bond Owner’s adjusted tax basis in such Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a Series 2021 Bond Owner’s particular situation. The ownership and disposal of the Series 2021 Bonds and the accrual or receipt of interest on the Series 2021 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE SERIES 2021 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES 2021 BONDS AND THE TAXPAYER’S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel with respect to the 2021 Bonds is set forth in Appendix C.

MUNICIPAL ADVISOR

The City has retained Fieldman Rolapp & Associates, Inc., Irvine, California (the “**Municipal Advisor**”) as municipal advisor in connection with the sale of the Series 2021 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any 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.

CERTAIN LEGAL MATTERS

The validity of the Series 2021 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C. Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2021 Bonds. Certain legal matters will be passed upon for the City and the Authority by Steve Quintanilla, Interim City Attorney and counsel to the Authority, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, as Disclosure Counsel, for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel and for the Insurer by its counsel.

LITIGATION

General

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or, to the best knowledge of the City, threatened either restraining or enjoining the execution or delivery of the Series 2021 Bonds, the Facilities Lease, the Facilities Sublease or the Trust Agreement, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing. There are a number of lawsuits and claims from time to time pending against the City. In the opinion of the City Attorney, and taking into account likely insurance coverage and litigation reserves, there are no lawsuits or claims pending or threatened against the City that will materially affect the City's finances so as to impair its ability to pay Base Rental Payments when due.

Litigation relating to General Plan Update

The City Council approved a General Plan Update for the City, known as MoVal 2040, on June 15, 2021. The General Plan Update includes a housing element update, the CAP (as discussed under the caption "RISK FACTORS—Climate Change") and associated zoning amendments and certified an Environmental Impact Report (the "EIR") in connection therewith. The local chapter of the Sierra Club, an environmental group, has filed a lawsuit against the City seeking equitable relief, including vacation of the EIR (in particular because of alleged inadequate analysis of air quality and greenhouse gas emission impacts from development) and an order compelling the City to adopt an alternative growth plan that would allegedly minimize environmental impacts. The lawsuit does not seek damages against the City but does include a prayer for attorneys' fees should the petitioners be successful. The City is reviewing the complaint and assessing whether an adverse ruling could be expected to have a material impact on City finances, but the City currently expects that relief would be limited to an obligation to redo certain elements of the General Plan Update. Under the California Environmental Quality Act, the City is compiling documents that will form the administrative record in connection with this matter, and the City does not expect to answer the complaint until that record is complete.

UNDERWRITING

The Series 2021 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter will purchase the Series 2021 Bonds from the Authority at an aggregate purchase price of \$30,768,105.00, representing the principal amount of the Series 2021 Bonds, less \$216,895.00 of Underwriter's discount.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2021 Bonds to

certain dealers (including dealers depositing Series 2021 Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

RATINGS

S&P has assigned the rating of “AA” to the Insured Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Series 2021 Bonds. S&P has also assigned the Series 2021 Bonds the rating of “AA-” notwithstanding the delivery of the Policy for the Insured Bonds.

A rating is not a recommendation to buy, sell or hold securities. Future events, including the impacts of the COVID-19 pandemic that is described under the caption “THE CITY—COVID-19 Outbreak,” could have an adverse impact on the ratings of the Series 2021 Bonds, and there is no assurance that any credit rating that is given to the Series 2021 Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant, nor can there be any assurance that the criteria required to achieve a rating on the Series 2021 Bonds will not change during the period that the Series 2021 Bonds remain outstanding.

Any qualification, downward revision, lowering or withdrawal of the ratings on the Series 2021 Bonds may have an adverse effect on the market price of the Series 2021 Bonds. Such ratings reflect only the current views of S&P (which could change at any time), and an explanation of the significance of such ratings 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 City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The City has covenanted in its continuing disclosure undertaking to file notices of any rating changes on the Series 2021 Bonds with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System (“EMMA”). See the caption “CONTINUING DISCLOSURE” and Appendix D. Notwithstanding such covenant, information relating to rating changes on the Series 2021 Bonds may be publicly available from S&P prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the Series 2021 Bonds are directed to S&P and its websites and official media outlets for the most current ratings with respect to the Series 2021 Bonds after the issuance of the Series 2021 Bonds.

None of the Authority, the City or the Underwriter makes any representation as to the Insurer’s creditworthiness and no representation that the Insurer’s credit rating will be maintained in the future. S&P has previously taken action to downgrade the ratings of certain municipal bond insurers and has published various releases outlining the processes that S&P intends to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to S&P for additional information on S&P’s evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption “BOND INSURANCE” for further information relating to the Insurer.

CONTINUING DISCLOSURE

Pursuant to a Continuing Disclosure Certificate of the City, dated as of the date of issuance of the Series 2021 Bonds (the “**Disclosure Certificate**”), the City has covenanted for the benefit of the holders and Beneficial Owners of the Series 2021 Bonds to provide certain financial information and operating data relating to the City by each March 31 following the end of the City Fiscal Year (currently its Fiscal Year ends on June 30) (the “**Annual Report**”), commencing March 31, 2022 with the report for the Fiscal Year ended June 30, 2021, 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 City with EMMA. The specific nature of the information to be contained in the Annual Report and the notices of enumerated events are set forth in Appendix D. These

covenants have been made in order to assist the Underwriter in complying with subsection (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission (“**Rule 15c2-12**”).

The requirement that the City file its audited financial statements as a part of the Annual Report has been included in the Disclosure Certificate solely to satisfy the provisions of Rule 15c2-12. The inclusion of such information does not mean that the Series 2021 Bonds are secured by any resources or property of the City or any entity other than Base Rental Payments or other amounts due under the Facilities Sublease. See the captions “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2021 BONDS” and “RISK FACTORS—General Considerations – Security for the Series 2021 Bonds.”

The City and its related entities have not failed to comply in all material respects with their continuing disclosure undertakings in the past five years.

In order to promote compliance by the City and its related entities, including the Authority and the Former Agency, with their respective continuing disclosure undertakings, the City has retained Willdan Financial Services (“**Willdan**”) to serve as dissemination agent and assist such entities in complying with their continuing disclosure obligations. Willdan will also perform these duties for the land-secured financings involving the City’s community facilities districts. Additionally the City has taken the steps to amend its existing debt policy, which has been approved by the City Council, to ensure future compliance with Rule 15c2-12.

FINANCIAL STATEMENTS OF THE CITY

Included as Appendix B are the audited financial statements of the City as of and for the Fiscal Year ended June 30, 2020, together with the report of the Auditor thereon dated December 10, 2020. Such audited financial statements have been included herein in reliance upon the report of the Auditor. The Auditor has not undertaken to update the audited financial statements of the City or its report, or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 10, 2020.

MISCELLANEOUS

Summaries of certain documents and reports do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the Facilities Lease, the Facilities Sublease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the Chief Financial Officer of the City at 14177 Frederick Street, P.O. Box 88005, Moreno Valley, California 92552.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series 2021 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

**MORENO VALLEY PUBLIC FINANCING
AUTHORITY**

By: /s/Mike Lee
Executive Director

CITY OF MORENO VALLEY

By: /s/Mike Lee
City Manager

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Facilities Lease, Facilities Sublease and Trust Agreement which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective documents for a full and complete statement of the provisions thereof.

CERTAIN DEFINITIONS

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

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

The term “Act” means the Joint Exercise of Powers Act (being Chapter 5 of Division 7 of Title 1 of the Government Code of the State, as amended) and all laws amendatory thereof or supplemental thereto.

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

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

The term “AGM” means Assured Guaranty Municipal Corp., a New York stock insurance company, or any successor thereto or assignee thereof.

The term “Authority” means the Moreno Valley Public Financing Authority created pursuant to the Act and its successors and assigns in accordance with the Trust Agreement, any surviving, resulting or transferee entity and, except where the context requires otherwise, any assignee of the Authority

The term “Authorized Denominations” means \$5,000 or any integral multiple thereof.

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

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

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

The term “Bondholder,” “Holder” or “Owner” means any person who is the registered owner of any Outstanding Bond.

The term “Bond Insurance Policy” means each municipal bond insurance policy, if any, issued by the applicable Bond Insurer and guaranteeing, in whole or in part, the payment of principal or accreted value of and interest on a Series of Bonds.

The term “Bond Insurer” means any issuer or issuers of a policy or policies of municipal bond insurance obtained by the Authority to insure the payment of principal or accreted value of and interest on a Series of Bonds

executed and delivered under the Trust Agreement, when due otherwise than by acceleration, and which, in fact, are at any time insuring such Series of Bonds. For the purposes of this definition, all consents, approvals or actions required by the Bond Insurer will be by action of a majority of all Bond Insurers (based upon the aggregate principal amount of Outstanding Bonds insured by each such Bond Insurer) if there is more than a single Bond Insurer. The Bond Insurer with respect to the Series 2015 Bonds, the Series 2016 Bonds and the Series 2019 Bonds and the Insured Series 2021 Bonds is AGM.

The term “Bonds” means the Series 2015 Bonds, the Series 2016 Bonds, the Series 2019 Bonds, the Series 2021 Bonds and all Additional Bonds. The term “Series 2015 Bonds” means all bonds of the Authority, so designated and authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Series 2016 Bonds” means all bonds of the Authority, so designated and authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Series 2019 Bonds” means all bonds of the Authority, so designated and authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Series 2021 Bonds” means all bonds of the Authority, so designated and authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Additional Bonds” means all bonds of the Authority authorized by and at any time Outstanding pursuant to the Trust Agreement and executed, issued and delivered in accordance with the Trust Agreement. The term “Serial Bonds” means Bonds for which no sinking fund payments are provided. The term “Term Bonds” means Bonds which are payable on or before their specified maturity dates from sinking fund payments established for that purpose and calculated to retire such Bonds on or before their specified maturity dates.

The term “Business Day” means a day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State of New York or California are authorized to remain closed, or a day on which the Federal Reserve System is closed.

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

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

The term “City” means the City of Moreno Valley, a city organized and validly existing under the Constitution and general laws of the State.

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

The term “Continuing Disclosure Certificate” means, with respect to the Series 2021 Bonds, that certain Continuing Disclosure Certificate executed by the City in the form attached to the Official Statement as Appendix D.

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

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

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

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

The term “Event of Default” for purposes of the Facilities Sublease is defined under the caption “FACILITIES SUBLEASE—DEFAULTS AND REMEDIES—Events of Default.” The term “Event of Default” for purposes of the Trust Agreement is defined under the caption “TRUST AGREEMENT—EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS—Events of Default and Action on Default.”

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

The term “Facilities Lease” means that certain lease, entitled “Master Facilities Lease,” by and between the City and the Authority, dated as of December 1, 2015, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof, including as amended by the First Amendment to Master Facilities Lease, the Second Amendment to Master Facilities Lease and the Third Amendment to Master Facilities Lease.

The term “Facilities Sublease” means that certain lease, entitled “Master Facilities Sublease,” by and between the Authority and the City, dated as of December 1, 2015, as originally executed and recorded or as it may from time to time be supplemented, modified or amended pursuant to the provisions of the Trust Agreement and thereof, including as amended by the First Amendment to Master Facilities Sublease, the Second Amendment to Master Facilities Sublease and the Third Amendment to Master Facilities Lease.

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

The term “First Amendment to Master Facilities Lease” means that certain amendment, entitled “First Amendment to Master Facilities Lease,” by and between the City and the Authority, dated as of December 1, 2016.

The term “First Amendment to Master Facilities Sublease” means that certain amendment, entitled “First Amendment to Master Facilities Sublease,” by and between the Authority and the City, dated as of December 1, 2016.

The term “First Supplement to Master Trust Agreement” means that certain amendment and supplement, entitled “First Supplement to Master Trust Agreement,” by and between the Authority and the Trustee, dated as of December 1, 2016.

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

The term “Government Securities” means United States of America Treasury bills, notes, bonds or certificates of indebtedness, or obligations the timely payment of which is guaranteed directly by the United States of

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

The term "Independent Certified Public Accountant" means any certified public accountant or firm of such accountants duly licensed and entitled to practice and practicing as such under the laws of the State or a comparable successor, appointed and paid by the Authority, and who, or each of whom: (a) is in fact independent according to the Statement of Auditing Standards No. 1 and not under the domination of the Authority or the City; (b) does not have a substantial financial interest, direct or indirect, in the operations of the Authority or the City; and (c) is not connected with the Authority or the City as a member, officer or employee of the Authority or the City, but who may be regularly retained to audit the accounting records of and make reports thereon to the Authority or the City.

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

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

The term "Insured Series 2021 Bonds" means the Series 2021 Bonds maturing on May 1 of the years 2027 through 2045, inclusive.

The term "Interest Payment Date" means May 1 and November 1 in each year, commencing May 1, 2022 with respect to the Series 2021 Bonds.

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

The term "Mandatory Sinking Account Payment" means the principal amount of any Bond required to be paid on each Mandatory Sinking Account Payment Date pursuant to the terms of the Trust Agreement or any Supplemental Trust Agreement.

The term "Mandatory Sinking Account Payment Date," if applicable, means May 1 of each year for Series 2021 Bonds as set forth in the Third Supplement to Master Trust Agreement.

The term "MSRB" means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission. 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>.

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

The term "Opinion of Counsel" means a written opinion of Bond Counsel.

The term “Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Trust Agreement) all Bonds except: (a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds paid or deemed to have been paid within the meaning of the defeasance provisions of the Trust Agreement; and (c) Bonds in lieu of or in substitution for which other Bonds have been executed, issued and delivered by the Authority pursuant to the Trust Agreement.

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

The term “Permitted Investments” means any of the following, if and to the extent each is permissible for investment of funds of the Authority, as stated in its current investment policy and pursuant to applicable laws: (1) Government Securities; (2) Any obligations which are then legal investments for moneys of the City under the laws of the State of California; provided that such investments will be rated in the highest short-term or one of the three highest long-term Rating Categories by the Rating Agencies or deposits which are fully insured by the FDIC; (3) Debentures of the Federal Housing Administration; or obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Corporation; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association; (4) Money markets or mutual funds which are rated by S&P “AAAm-G” or “AAAm” or higher and, if rated by Moody’s, are rated “Aaa” or higher, which funds may include funds for which the Trustee, its affiliates or subsidiaries provide investment advisory or other management services; (5) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated in any of the three highest Rating Categories by the Rating Agencies at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below any of the three highest Rating Categories of the Rating Agencies; provided that any such investment agreement has been provided to the Rating Agencies; (6) The Local Agency Investment Fund of the State of California; and (7) Any other investment selected by the Authority which does not adversely affect the then-current rating on the Bonds. The Trustee may conclusively rely on the Written Request of the Authority or the City as evidence that such investment is a Permitted Investment.

The term “Person” means a corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

The term “Principal Office” refers to the office of the Trustee noted in the Trust Agreement and such other offices as the Trustee may designate from time to time except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business is conducted.

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

The term “Project Costs” means all costs of acquisition and construction of the Projects and of expenses incident thereto (or for making reimbursements to the Authority or the City or any other person, firm or corporation

for such costs theretofore paid by him or it), including, but not limited to, architectural and engineering fees and expenses, interest during construction, furnishings and equipment, tests and inspection, surveys, land acquisition, insurance premiums, losses during construction not insured against because of deductible amounts, costs related to the Trustee during construction, costs of accounting, feasibility, environmental and other reports, inspection costs, permit fees, filing and recording costs, printing costs, reproduction and binding costs.

The term “Projects” means the 2015 Project, the 2016 Refunding Project, the 2019 Project, the 2021 Project and all Additional Projects.

The term “Rating Agencies” means, as of any date: (a) Moody’s, if Moody’s then maintains a rating on the Bonds; and (b) S&P, if S&P then maintains a rating on the Bonds.

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

The term “Record Date” means the close of business on the fifteenth calendar day (whether or not a Business Day) of the month preceding any Interest Payment Date.

The term “Redemption Date” means the date fixed for redemption of any Bonds.

The term “Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Trust Agreement.

The term “Representation Letter” means the blanket letter of representation of the Authority to DTC or any similar letter to a substitute depository.

The term “Reserve Facility” means a letter of credit or other credit facility issued by a financial institution or other form of credit enhancement and any replacements thereto, including, but not limited to, surety bonds and guarantees delivered to the Trustee to meet all or a portion of the Reserve Fund Requirement.

The term “Reserve Fund” means the fund by that name established in accordance with the Trust Agreement.

The term “Reserve Fund Requirement” means, with respect to each Series of Bonds, an amount equal to an amount equal to the least of: (a) maximum prospective annual Base Rental Payments with respect to Outstanding Bonds to be made by the City under the Facilities Sublease; (b) 10% of the proceeds of the Bonds; or (c) 125% of the average annual Base Rental Payments with respect to Outstanding Bonds to be made by the City under the Facilities Sublease. The Reserve Fund Requirement with respect to any Series of Bonds may be satisfied by crediting to the account established within the Reserve Fund for such Series of Bonds a Reserve Facility.

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

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

The term “Second Amendment to Master Facilities Lease” means that certain amendment, entitled “First Amendment to Master Facilities Lease,” by and between the City and the Authority, dated as of April 1, 2019.

The term “Second Amendment to Master Facilities Sublease” means that certain amendment, entitled “Second Amendment to Master Facilities Sublease,” by and between the Authority and the City, dated as of April 1, 2019.

The term “Second Supplement to Master Trust Agreement” means that certain amendment and supplement, entitled “Second Supplement to Master Trust Agreement,” by and between the Authority and the Trustee, dated as of April 1, 2019.

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

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

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

The term “State” means the State of California.

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

The term “2015 Bond Insurance Policy” means the insurance policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2015 Bonds when due.

The term “2015 Project” means capital facilities described in Exhibit B to the Trust Agreement.

The term “2015 Reserve Policy” means the debt service reserve fund policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2015 Bonds when due.

The term “2016 Bond Insurance Policy” means the insurance policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2016 Bonds when due.

The term “2016 Refunding Project” means the refunding of the remaining outstanding Moreno Valley Public Financing Authority 2007 Taxable Lease Revenue Bonds.

The term “2016 Reserve Policy” means the debt service reserve fund policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2016 Bonds when due.

The term “2019 Bond Insurance Policy” means the insurance policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2019 Bonds when due.

The term “2019 Project” means capital facilities described in Exhibit B to the Second Supplement to Master Trust Agreement.

The term “2019 Reserve Policy” means the debt service reserve fund policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2019 Bonds when due.

The term “2021 Bond Insurance Policy” means the insurance policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Insured Series 2021 Bonds when due.

The term “2021 Project” means capital facilities described in Exhibit B to the Third Supplement to Master Trust Agreement.

The term “2021 Reserve Policy” means the debt service reserve fund policy issued by AGM guaranteeing the scheduled payment of principal of and interest on the Series 2021 Bonds when due.

The term “Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the issuance and delivery of a Series of Bonds, as the same may be amended or supplemented in accordance with its terms. There is no Tax Certificate in connection with the Series 2021 Bonds.

The term “Third Amendment to Master Facilities Lease” means that certain amendment, entitled “Third Amendment to Master Facilities Lease,” by and between the City and the Authority, dated as of October 1, 2021.

The term “Third Amendment to Master Facilities Sublease” means that certain amendment, entitled “Third Amendment to Master Facilities Sublease,” by and between the Authority and the City, dated as of October 1, 2021.

The term “Third Supplement to Master Trust Agreement” means that certain amendment and supplement, entitled “Third Supplement to Master Trust Agreement,” by and between the Authority and the Trustee, dated as of October 1, 2021.

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

The term “Trust Agreement” means the Master Trust Agreement, dated as of December 1, 2015, between the Authority and the Trustee, as originally executed and as it may from time to time be amended or supplemented by all Supplemental Trust Agreements executed pursuant to the provisions of the Trust Agreement, including as supplemented and amended by the First Supplement to Master Trust Agreement, the Second Supplement to Master Trust Agreement and the Third Supplement to Master Trust Agreement.

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

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

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

FACILITIES LEASE

FACILITIES

Under the Facilities Lease, the City has leased to the Authority and the Authority has leased from the City, on the terms and conditions therein set forth, the real property and improvements situated in the City of Moreno Valley, State of California, and described in Exhibit A attached thereto and made a part thereof, including removal or substitution or addition of any additional real property by any supplement or amendment to the Facilities Lease, in accordance with the Facilities Sublease and the Trust Agreement.

TERM

The City and the Authority will enter into the Third Amendment to Master Facilities Lease amending the lease of the Facilities from the City to the Authority. The term of the Facilities Lease commenced on the date of the original recordation of the Facilities Lease and the Facilities Lease as amended by the Third Amendment to Master Facilities Lease will commence on the date of the recordation thereof in the office of the County Recorder of the County of Riverside, or on October 1, 2021, whichever is earlier, and will end on May 1, 2049, unless such term is extended, following an abatement of rental or in connection with the issuance of additional Bonds, or sooner terminated, upon prepayment of all amounts due under the Trust Agreement. The term of the Facilities Lease may in no event be extended beyond May 1, 2059 (or such later date established in connection with the issuance of additional Bonds).

PURPOSE

The Authority will use the Facilities solely for the purpose of leasing the Facilities to the City pursuant to the Facilities Sublease and for such purposes as may be incidental thereto; provided, that in the event of default by the City under the Facilities Sublease, the Authority may exercise the remedies provided in the Facilities Sublease or in the Trust Agreement.

OWNER IN FEE

The City has covenanted that it is the owner in fee of the Facilities, as described in the Facilities Lease. The City has further covenanted and agreed that if for any reason the foregoing covenant proves to be incorrect, the City will either institute eminent domain proceedings to condemn the property or institute a quiet title action to clarify the City's title, and will diligently pursue such action to completion. The City has further covenanted and agreed that it will hold the Authority and the Bondowners harmless from any loss, cost or damages resulting from any breach by the City of the foregoing covenants.

ASSIGNMENTS AND SUBLEASES

Unless the City is in default under the Facilities Sublease, the Authority may not assign its rights under the Facilities Lease or sublet the Facilities, except pursuant to the Facilities Sublease, without the written consent of the City, which consent may be withheld in the City's sole and absolute discretion. Upon the occurrence of a default by the City under the Facilities Sublease, the Authority may assign or sell its rights under the Facilities Lease or sublet the Facilities without the consent of the City.

RIGHT OF ENTRY; EASEMENTS

The City has reserved the right for any of its duly authorized representatives to enter upon the Facilities at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

TERMINATION

The Authority has agreed, upon the termination of the Facilities Lease, to quit and surrender the Facilities in the same good order and condition as the same were in at the time of commencement of the term thereunder, reasonable wear and tear excepted, and the Authority has further agreed that any permanent improvements to and structures existing upon the Facilities at the time of the termination of the Facilities Lease will remain thereon and title thereto will vest in the City.

Upon the exercise of the option to purchase set forth in the Facilities Sublease and upon payment of the option price required thereby, the term of the Facilities Lease will terminate as to the portion of the Facilities being so purchased is situated.

DEFAULT

In the event the Authority is in default in the performance of any obligation on its part to be performed under the terms of the Facilities Lease, which default continues for 180 days following notice and demand for correction thereof to the Authority, the City may exercise any and all remedies granted by law, except that no merger of the Facilities Lease and of the Facilities Sublease will be deemed to occur as a result thereof; provided, however, that the City has no power to terminate the Facilities Lease by reason of any default on the part of the Authority if such termination would affect or impair any assignment or sublease of all or any part of the Facilities then in effect between the Authority and any assignee or subtenant of the Authority (other than the City under the Facilities Sublease). So long as any such assignee or subtenant of the Authority duly performs the terms and conditions of the Facilities Lease, such assignee or subtenant will be deemed to be and will become the tenant of the City thereunder and will be entitled to all of the rights and privileges granted under any such assignment; provided, further, that so long as any Bonds are outstanding and unpaid in accordance with the terms thereof, the rentals or any part thereof payable to the Authority or Trustee will continue to be paid to the Trustee on behalf of the Bondowners.

QUIET ENJOYMENT

The Authority at all times during the term of the Facilities Lease will peaceably and quietly have, hold and enjoy all of the Facilities.

WAIVER OF PERSONAL LIABILITY

All liabilities under the Facilities Lease on the part of the Authority will be solely liabilities of the Authority, as a public entity and agency, and the City has released each and every member, director, officer, agent or employee of the Authority of and from any personal or individual liability under the Facilities Lease. No member, director, officer, agent or employee of the Authority will at any time or under any circumstances be individually or personally liable under the Facilities Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority thereunder.

The Authority and its members, directors, officers, agents, employees and assignees will not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, will indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from the operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity.

TAXES

The City has covenanted and agreed to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Facilities (including both land and improvements).

EMINENT DOMAIN

In the event the whole or any part of the Facilities is taken by eminent domain proceedings, the interest of the Authority will be recognized and has been determined to be the amount of the then unpaid or outstanding Bonds and all other amounts due under the Trust Agreement and the Facilities Sublease attributable to the whole or part of the Facilities taken, and such amount will be paid to the Trustee, and the balance of the award, if any, will be paid to the City.

PARTIAL INVALIDITY

If any one or more of the terms, provisions, covenants or conditions of the Facilities Lease will to any extent be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding or order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of the Facilities Lease will be affected thereby, and each provision of the Facilities Lease will be valid and enforceable to the fullest extent permitted by law.

AMENDMENT

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

FACILITIES SUBLEASE

LEASE OF FACILITIES; TERM; SUBSTITUTION; RELEASE; ADDITION OF PROPERTY

Lease of Facilities. The Authority has leased to the City and the City has leased from the Authority the Facilities, subject, however, to all easements, encumbrances and restrictions that exist at the time of the commencement of the term of the Facilities Sublease. The City has agreed and covenanted during the term of the Facilities Sublease that it will use the Facilities for public and City purposes.

The leasing by the City to the Authority of the Facilities will not effect or result in a merger of the City's leasehold estate pursuant to the Facilities Sublease and its fee estate as lessor under the Facilities Lease, and the Authority will continue to have and hold a leasehold estate in said Facilities pursuant to the Facilities Lease throughout the term thereof. As to said Facilities, the Facilities Sublease will be deemed and constitute a sublease.

Term. The term of the Third Amendment to Master Facilities Sublease will commence upon the date of recordation of the Facilities Sublease in the Official Records of the County of Riverside and will end on May 1, 2049, unless such term is extended or sooner terminated as provided therein, including as such term may be extended in connection with the issuance of additional Bonds. If on May 1, 2049 (or such later date established in connection with the issuance of additional Bonds), the Bonds and all other amounts due under the Trust Agreement are not paid in full, or if the rental or other amounts payable under the Facilities Sublease have been abated at any time and for any reason or have not been fully paid, then the term of the Third Amendment to Master Facilities Sublease will be extended until the Bonds and all other amounts due under the Trust Agreement and the Facilities Sublease have been fully paid, except that the term of the Third Amendment to Master Facilities Sublease will in no event be extended beyond May 1, 2059 (or such later date established in connection with the issuance of additional Bonds).

The Facilities. The City and the Authority have agreed to lease the Facilities under the Facilities Sublease. The annual Base Rental Payments for the Facilities as set forth in Exhibit B to the Facilities Sublease will be the fair rental value for the Facilities, as determined by the City. The Base Rental Payments for the Facilities will be due and payable on the dates set forth in the Facilities Sublease.

Substitution; Release; Addition of Property.

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

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

(ii) A Written Certificate of the City, certifying that the annual fair rental value (which may be based on, but not limited to, the construction or acquisition cost or replacement cost of such facility to the City) of the Facilities that will constitute the Facilities after such addition, substitution or withdrawal will be at least equal to 100% of the maximum amount of Base Rental Payments becoming due in the then current fiscal year or in any subsequent fiscal year. At the sole discretion of the City, in the alternative, in the event of a substitution only, the Written Certificate of the City will certify that the annual fair rental value of the new Facility is at least equal to that of the substituted Facility.

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

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

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

(vi) An opinion of bond counsel stating that any amendment executed in connection with such addition, substitution or withdrawal, as the case may be: (1) is authorized or permitted under the Facilities Sublease; (2) will, upon the execution and delivery thereof, be valid and binding upon the Authority and the City; and (3) will not cause the interest on any tax-exempt Bonds to be included in gross income for federal income tax purposes.

(B) The City and the Authority have agreed that the Facilities or portion thereof for which other real property is substituted, pursuant to clause (A) above, will be released from the Facilities Lease and the Facilities Sublease, and will no longer be encumbered thereby or by the Trust Agreement at such time as the City has caused said substitution.

(C) Any sale, substitution, release, transfer, lease, assignment, mortgage or encumbrance with respect to the Facilities under the Facilities Sublease or Facilities Lease will be subject to the prior written consent of AGM.

BASE RENTAL PAYMENTS

Base Rental Payments. The City has agreed to pay to the Authority, as Base Rental Payments for the use and occupancy of the Facilities (subject to the provisions of the Facilities Sublease), annual rental payments, all in accordance with the Base Rental Payment Schedule attached to the Facilities Sublease. The Base Rental Payments will be due and payable on October 25 and April 25 in the amounts in each year set forth in the Facilities Sublease and will be for the use and occupancy of the Facilities during the one-year period ending on the 1st day of each November.

If the term of the Facilities Sublease has been extended pursuant to the provisions thereof, Base Rental Payment installments will continue to be due on October 25 and April 25 in each year, and payable as described above, continuing to and including the date of termination of the Facilities Sublease, in an amount equal to the amount of Base Rental payable for the twelve-month period commencing May 2, 2045.

Base Rental Payments include: (i) any Insurer Reimbursement Amounts due and owing to AGM as set forth in the Trust Agreement; and (ii) repayment of Policy Costs due and owing to AGM pursuant to the Trust Agreement.

The City has agreed that all Base Rental Payments for the Facilities will be paid by the City from lawfully available funds of the City.

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

Such Additional Payments will be billed to the City by the Authority or the Trustee from time to time, together with a statement certifying that the amount billed has been paid by the Authority or by the Trustee on behalf of the Authority, for one or more of the items above described, or that such amount is then payable by the Authority or the Trustee for such items. Amounts so billed will be paid by the City within 60 days after receipt of the bill by the City. The City has reserved the right to audit billings for Additional Payments although exercise of such right will in no way affect the duty of the City to make full and timely payment for all Additional Payments.

The Authority may in the future issue bonds to finance facilities, and may in the future enter into leases with respect to other facilities. The administrative costs of the Authority will be allocated among such other facilities and the Facilities as provided in the Facilities Sublease. The fees of the Trustee under the Trust Agreement, and any other expenses directly attributable to the Facilities will be included in the Additional Payments payable under the Facilities Sublease. The fees of any trustee or paying agent under any indenture securing bonds of the Authority or any trust agreement other than the Trust Agreement, and any other expenses directly attributable to any facilities other than the Facilities, will not be included in the administrative costs of the Facilities, and will not be paid from the Additional Payments payable under the Facilities Sublease. Any expenses of the Authority not directly attributable to any particular project of the Authority will be equitably allocated among all such projects, including the Facilities in accordance with sound accounting practice. In the event of any question or dispute as to such allocation, the written opinion of an independent firm of certified public accountants, employed by the Authority to consider the question and render an opinion thereon, will be a final and conclusive determination as to such allocation. The Trustee may conclusively rely upon the Written Request of the Authority, with the approval of the Mayor, Vice-Mayor, City Manager or Finance Director of the City or any such officer's duly authorized designee, or a duly authorized representative of the City, endorsed thereon, in making any determination that costs relating to the Authority are payable as Additional Payments under the Facilities Sublease, and is not required to make any investigation as to whether or not the items so requested to be paid are expenses of operation of the Facilities.

Fair Rental Value. Such payments of Base Rental Payments and Additional Payments for each Rental Payment Period during the term of the Facilities Sublease will constitute the total rental for said Rental Payment Period and will be paid by the City in each Rental Payment Period for and in consideration of the right of use and occupancy of the Facilities during each such period for which said rental is to be paid. The parties to the Facilities Sublease have agreed and determined that such total rental payable for each Rental Payment Period represents no more than the fair rental value of the Facilities for each such period. In making such determination, consideration has been given to the cost of acquisition of the Facilities, other obligations of the parties under the Facilities Sublease, the uses and purposes which may be served by the Facilities and the benefits therefrom which will accrue to the City and the general public.

Payment Provisions. Each Base Rental Payment installment or Additional Payment payable under the Facilities Sublease will be paid in lawful money of the United States of America to or upon the order of the Authority at the corporate trust office of the Trustee or such other place as the Authority designates. Any such Base Rental Payment installment or Additional Payment accruing under the Facilities Sublease which is not paid when due and payable under the terms of the Facilities Sublease will bear interest at the rate of 12% per annum, or such lesser rate of interest as may be the maximum rate permitted by law, from the date when the same is due under the Facilities Sublease until the same is paid (provided that the foregoing does not apply to payments following an

abatement). Notwithstanding any dispute between the Authority and the City, the City will make all Base Rental Payments, Additional Payments and other payments when due without deduction or offset of any kind and will not withhold any rental or other payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent payments due under the Facilities Sublease or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Facilities Sublease for payment of Base Rental Payments on any date will be reduced to the extent of amounts on deposit in the Revenue Fund and available therefor.

Rental is subject to abatement as set forth in the Facilities Sublease.

Appropriations Covenant; Base Rental Payments and Additional Payments to Constitute a Current Expense of the City. The City has covenanted to take such action as may be necessary to include all such Base Rental Payments and Additional Payments due under the Facilities Sublease in its annual budgets, and to make necessary annual appropriations for all such Base Rental Payments and Additional Payments. The City will deliver to the Authority and the Trustee copies of the portion of each annual City budget relating to the payment of Base Rental Payments and Additional Payments under the Facilities Sublease within 30 days after the filing or adoption thereof. The covenants on the part of the City contained in the Facilities Sublease will be deemed to be and will be construed to be duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Facilities Sublease agreed to be carried out and performed by the City.

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

USE OF PROCEEDS; MAINTENANCE OF, ALTERATIONS OF, AND ADDITIONS TO FACILITIES

Maintenance and Utilities. Throughout the term of the Facilities Sublease, all maintenance and repair, both ordinary and extraordinary, of the Facilities will be the responsibility of the City, which will at all times maintain or otherwise arrange for the maintenance of the Facilities in first class condition, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Facilities, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and will pay for or otherwise arrange for payment of the cost of the repair and replacement of the Facilities resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof or any other cause and will pay for or otherwise arrange for the payment of all insurance policies required to be maintained with respect to the Facilities.

Changes to the Facilities. Subject to the Facilities Sublease, the City will, at its own expense, have the right to remodel the Facilities or to make additions, modifications and improvements to the Facilities. All such additions, modifications and improvements will thereafter comprise part of the Facilities and be subject to the provisions of the Facilities Sublease. Such additions, modifications and improvements will not in any way damage the Facilities or cause either to be used for purposes other than those authorized under the provisions of State and federal law; and the Facilities, upon completion of any additions, modifications and improvements made pursuant to the Facilities Sublease, will be of a value which is at least equal to the value of the Facilities immediately prior to the making of such additions, modifications and improvements.

Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Facilities. All such items will remain the sole property of such party, in which neither the Authority nor the Trustee have any interest, and may be modified or removed by such party at any time provided that such party repairs and restores any and all damage to the Facilities resulting from the installation, modification or removal of any such items. Nothing in the Facilities Sublease will prevent the City from purchasing items to be installed pursuant thereto under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest will attach to any part of the Facilities.

INSURANCE

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

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

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

The Authority and the City will promptly apply for federal disaster aid or State disaster aid for which either may be eligible in the event that the Facilities are damaged or destroyed as a result of an earthquake or other

declared disaster occurring at any time. Any proceeds received as a result of such disaster aid will be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Facilities, or to redeem Outstanding Bonds if such use of such disaster aid is permitted.

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

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

Worker's Compensation. The City will also maintain worker's compensation insurance issued by a responsible carrier authorized under the laws of the State to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in California, or any act later enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the City. Such insurance may be maintained by the City in the form of self-insurance.

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

Insurance Proceeds; Form of Policies. All policies of fire and extended coverage and rental interruption insurance must provide that all proceeds thereunder will be payable to the Trustee for the benefit of the Holders pursuant to a lender's loss payable endorsement substantially in accordance with the form approved by the Insurance Services Office and the California Bankers Association. The Trustee will collect and receive all moneys which may become due and payable under any such policies, may compromise any and all claims thereunder and will apply the proceeds of such insurance as provided in the Facilities Sublease. All policies of insurance required by the Facilities Sublease will provide that the Trustee be given 30 days' notice of each expiration thereof or any intended cancellation thereof or reduction of the coverage provided thereby. The Trustee is not responsible for the sufficiency of any insurance required by the Facilities Sublease or if forms of endorsement or policies comply with the provisions of the Facilities Sublease and will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee. The City will pay when due the premiums for all insurance policies required by the Facilities Sublease, and will promptly furnish evidence of such payments to the Authority.

The insurance specified in the Facilities Sublease to be provided by an insurer must be provided by an insurer rated “A” or better by S&P unless waived by AGM. The City will maintain rental interruption insurance covering not less than maximum Base Rental Payments coming due in any 24 month period during the term of the Bonds and may not be self-insured. Other self-insurance must be acceptable to AGM. Bonds of insurance for all insurance required by the Facilities Sublease must be provided to AGM for review no fewer than five business days prior to closing.

The City will deliver to the Authority and the Trustee in the month of November in each year a written certificate of an officer of the City stating that such policies satisfy the requirements of the Facilities Sublease, setting forth the insurance policies then in force pursuant thereto, the names of the insurers which have issued the policies, the amounts thereof and the property and risks covered thereby, and, if any self-insurance program is being provided, the annual report of an Insurance Consultant or other qualified person containing the information required for such self-insurance program and described in the Facilities Sublease. Delivery to the Trustee of the certificate under the foregoing provisions does not confer responsibility upon the Trustee as to the sufficiency of coverage or amounts of such policies.

DEFAULTS AND REMEDIES

Defaults and Remedies

(A) If the City fails to pay any Base Rental Payment, Additional Payment or other amount payable under the Facilities Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Facilities Sublease, or the City fails to keep, observe or perform any other term, covenant or condition contained in the Facilities Sublease or in the Trust Agreement to be kept or performed by the City for a period of 30 days after notice of the same has been given to the City by the Authority or the Trustee or for such additional time as is reasonably required, in the discretion of the Trustee, to correct the same, or upon the happening of any of the events specified in clause (B) below (any such case above being an “Event of Default”), the City will be deemed to be in default under the Facilities Sublease and it will be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Facilities Sublease. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, may do any of the following:

(1) To terminate the Facilities Sublease in the manner provided in the Facilities Sublease on account of default by the City, notwithstanding any re-entry or re-letting of the Facilities as provided for in subparagraph (2) below, and to re-enter the Facilities and remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and place such personal property in storage in any warehouse or other suitable place located within the City. In the event of such termination, the City has agreed to surrender immediately possession of the Facilities without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Facilities Sublease. Neither notice to pay rent or to deliver up possession of the Facilities given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Facilities nor the appointment of a receiver upon initiative of the Authority to protect the Authority’s interest under the Facilities Sublease will of itself operate to terminate the Facilities Sublease, and no termination of the Facilities Sublease on account of default by the City will be or become effective by operation of law or acts of the parties thereto, or otherwise, unless and until the Authority has given written notice to the City of the election on the part of the Authority to terminate the Facilities Sublease. The City has covenanted and agreed that no surrender of the Facilities or of the remainder of the term of the Facilities Sublease or any termination thereof will be valid in any manner or for any purpose whatsoever unless stated or accepted by the Authority by such written notice.

(2) Without terminating the Facilities Sublease: (i) to collect each Base Rental Payment installment and other amounts as they become due and enforce any other terms or provision of the Facilities Sublease to be kept or performed by the City, regardless of whether or not the City has abandoned the Facilities; or (ii) to exercise any and all rights of re-entry upon the Facilities. In the event that the Authority does not elect to terminate the Facilities Sublease in the manner provided for in subparagraph (1) above, the City will remain liable

and has agreed to keep or perform all covenants and conditions contained in the Facilities Sublease to be kept or performed by the City and, if the Facilities are not re-let, to pay the full amount of the Base Rental Payments, Additional Payments and other amounts to the end of the term of the Facilities Sublease or, in the event that the Facilities are re-let, to pay any deficiency in rent and other amounts that result therefrom; and has further agreed to pay said rent and other amounts and/or deficiency rent and other amounts punctually at the same time and in the same manner as provided in the Facilities Sublease for the payment of Base Rental Payments, Additional Payments and other amounts thereunder (without acceleration), notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years rental or other amounts in excess of the rental or other amounts therein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such entry or re-entry or obtaining possession of the Facilities. Should the Authority elect to enter or re-enter as provided in the Facilities Sublease, the City has irrevocably appointed the Authority as the agent and attorney-in-fact of the City to re-let the Facilities or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable, and to remove all persons in possession thereof and all personal property whatsoever situated upon the Facilities and to place such personal property in storage in any warehouse or other suitable place located in the City, for the account of and at the expense of the City, and the City has exempted and agreed to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Facilities and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Facilities Sublease. The City has agreed that the terms of the Facilities Sublease constitute full and sufficient notice of the right of the Authority to re-let the Facilities and to do all other acts to maintain or preserve the Facilities as the Authority deems necessary or desirable in the event of such re-entry without effecting a surrender of the Facilities Sublease, and has further agreed that no acts of the Authority in effecting such re-letting constitute a surrender or termination of the Sublease irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Facilities Sublease will vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) above. The City has further waived the right to any Base Rental Payment or other amounts obtained by the Authority in excess of such rental and other amounts therein specified and has conveyed and released such excess to the Authority as compensation to the Authority for its services in re-letting the Facilities or any part thereof.

The City has waived any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Facilities as provided in the Facilities Sublease and all claims for damages that may result from the destruction of the Facilities and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Facilities.

(B) If: (1) the City's interest in the Facilities Sublease or any part thereof be assigned or transferred, either voluntarily or by operation of law or otherwise, as provided for in the Facilities Sublease; (2) the City or any assignee files any petition or institutes any proceeding under any act or acts, State or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to effect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City is appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City makes a general or any assignment for the benefit of the City's creditors; or if (3) the City abandons or vacates the Facilities, then the City will be deemed to be in default under the Facilities Sublease.

(C) The Authority will in no event be in default in the performance of any of its obligations under the Facilities Sublease or imposed by any statute or rule of law unless and until the Authority has failed to perform such obligations within 30 days or such additional time as is reasonably required to correct any such default after notice by the City to the Authority properly specifying wherein the Authority has failed to perform any such obligation. In the event of default by the Authority, the City is entitled to pursue any remedy provided by law.

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

(1) Accounting. By action or suit in equity to require the City and its trustees, officers and employees and its assigns to account as the trustee of an express trust.

(2) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority.

(3) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's rights against the City (and its council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the Authority as provided in the Facilities Sublease.

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

Each and all of the remedies given to the Authority under the Facilities Sublease or by any law now or later enacted are cumulative and the single or partial exercise of any right, power or privilege thereunder does not impair the right of the Authority to other or further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in the Facilities Sublease includes, but is not limited to, re-letting by means of the operation by the Authority of the Facilities. If any statute or rule of law validly limits the remedies given to the Authority under the Facilities Sublease, the Authority nevertheless will be entitled to whatever remedies are allowable under any statute or rule of law.

In the event that the Authority prevails in any action brought to enforce any of the terms and provisions of the Facilities Sublease, the City has agreed to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority thereunder, whether or not a lawsuit has been filed and whether or not any lawsuit culminates in a judgment.

Subject to the terms of the Trust Agreement, so long as the Bond Insurer has not defaulted under the Bond Insurance Policy, the Bond Insurer has the right to control all remedies for default under the Facilities Lease, the Facilities Sublease and the Trust Agreement.

Waiver. Failure of the Authority to take advantage of any default on the part of the City will not be, or be construed as, a waiver thereof, nor will any custom or practice which may grow up between the parties in the course of administering the Facilities Sublease be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition of the Facilities Sublease, or to exercise any rights given the Authority on account of such default. A waiver of a particular default will not be deemed to be a waiver of the same or any subsequent default. The acceptance of rent under the Facilities Sublease will not be, or be construed to be, a waiver of any term, covenant or condition thereof.

EMINENT DOMAIN; PREPAYMENT

Eminent Domain. If the whole of the Facilities or so much thereof as to render the remainder unusable for the purposes for which it was used by the City is taken under the power or threat of eminent domain, the term of the Facilities Sublease will cease as of the day that possession is so taken. If less than the whole of the Facilities are taken under the power or threat of eminent domain and the remainder is usable for the purposes for which it was used by the City at the time of such taking, then the Facilities Sublease will continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there will be a partial abatement of the rental due thereunder in an amount equivalent to the amount by which the annual payments of

principal of and interest on the Bonds then Outstanding will be reduced by the application of the award in eminent domain to the redemption of Outstanding Bonds. So long as any of the Bonds are Outstanding, any award made in eminent domain proceedings for taking the Facilities or any portion thereof will be paid to the Trustee and applied to the prepayment of the Base Rental Payments as provided in the Facilities Sublease. Any such award made after all of the Base Rental Payments and Additional Payments have been fully paid, or provision therefor made, will be paid to the City.

Prepayment.

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

(B) The City may prepay, from any source of available funds, all or any portion of Base Rental Payments by: (1) depositing with the Trustee moneys or securities as provided in the Trust Agreement sufficient to retire or redeem Bonds corresponding to such Base Rental Payments when due or redeemable; and (2) satisfying the other requirements of the Trust Agreement. The City has agreed that if following such prepayment the Facilities are damaged or destroyed or taken by eminent domain, it is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and will not be entitled to any reimbursement of such Base Rental Payments.

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

(D) When: (1) there has been deposited with the Trustee at or prior to the due dates of the Base Rental Payments or date when the City may exercise its option to purchase the Facilities or any portion or item thereof, in trust for the benefit of the Owners of the Bonds and irrevocably appropriated and set aside to the payment of the Base Rental Payments or option price, sufficient moneys and Permitted Investments described in clause (1) of the definition thereof in the Trust Agreement, not redeemable prior to maturity, the principal of and interest on which when due will provide money sufficient to pay all principal of and interest on the Bonds to the due date of the Bonds or date when the City may exercise its option to purchase the Facilities, as the case may be, and to the payment in full of all other amounts due under the Facilities Sublease or under the Trust Agreement; (2) all of the requirements set forth in the Trust Agreement have been satisfied; and (3) an agreement has been entered into with the Trustee for the payment of its fees and expenses so long as any of the Bonds remain unpaid; then and in that event the right, title and interest of the Authority in the Facilities Sublease and the obligations of the City thereunder will thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Authority and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of the Base Rental Payments or option price) and the Authority's interest in and title to the Facilities or applicable portion or item thereof will be transferred and conveyed to the City. In such event, the Authority will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the Authority (and accompanied by a verification report of a certified public accountant) and evidence such discharge and satisfaction, and the Authority will pay over to the City as an overpayment of Base Rental Payments all such moneys or Permitted Investments held by it pursuant to the Facilities Sublease other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Base Rental Payments or the option price and the fees and expenses of the Trustee, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of Base Rental Payments or the option price and the fees and expenses of the Trustee, and will be applied by the Authority to the payment and redemption of the Bonds and the fees and expenses of the Trustee.

Option to Purchase; Sale of Personal Property. The City has the option to purchase the Authority's interest in any part of the Facilities upon payment of an option price consisting of moneys or securities of the category specified in clause (1) of the definition of the term Permitted Investments contained in the Trust Agreement (not callable by the issuer thereof prior to maturity) in an amount sufficient (together with the earnings and interest on such securities) to provide funds to pay the aggregate amount for the entire remaining term of the Facilities Sublease of the part of the total rent thereunder attributable to such part of the Facilities (determined by reference to the proportion which the cost of such part of the Facilities bears to the cost of all of the Facilities). Any such payment will be made to the Trustee and will be treated as Base Rental Payments and will be applied by the Trustee to pay the principal of and interest on the Bonds and to redeem Bonds if such Bonds are subject to redemption pursuant to the terms of the Trust Agreement. Upon the making of such payment to the Trustee and the satisfaction of all requirements set forth in the Trust Agreement: (a) the Base Rental Payments thereafter payable under the Facilities Sublease will be reduced by the amount thereof attributable to such part of the Facilities and theretofore paid pursuant thereto; (b) the rental abatement and option to purchase provisions of the Facilities Sublease will not thereafter be applicable to such part of the Facilities; (c) the insurance required by Sections the Sublease need not be maintained as to such part of the Facilities; and (d) title to such part of the Facilities will vest in the City and the term of the Facilities Sublease will end as to such part of the Facilities.

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

COVENANTS

Right of Entry. The Authority and its assignees have the right (but not the duty) to enter upon and to examine and inspect the Facilities during reasonable business hours (and in emergencies at all times): (a) to inspect the same; (b) for any purpose connected with the Authority's or the City's rights or obligations under the Facilities Sublease; and (c) for all other lawful purposes.

Liens. In the event the City at any time during the term of the Sublease causes any changes, alterations, additions, improvements or other work to be done or performed or materials to be supplied, in or upon the Facilities, the City will pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Facilities and will keep the Facilities free of any and all mechanics' or materialmen's liens or other liens against the Facilities or the Authority's interest therein. In the event any such lien attaches to or is filed against the Facilities or the Authority's interest therein, the City will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that if the City desires to contest any such lien it may do so in good faith. If any such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City will forthwith pay and discharge said judgment. The City has agreed to and will, to the maximum extent permitted by law, indemnify and hold the Authority and the Trustee and their respective members, directors, agents, successors and assigns, harmless from and against, and defend each of them against, any claim, demand, loss, damage, liability or expense (including attorney's fees) as a result of any such lien or claim of lien against the Facilities or the Authority's interest therein.

Quiet Enjoyment. The City and the Authority mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Facilities Sublease and if not in default thereunder, will at all times during the term thereof peaceably and quietly have, hold and enjoy the Facilities without suit, trouble or hindrance from the Authority.

Authority Not Liable. The Authority and its members, directors, officers, agents, employees and assignees will not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Facilities. The City, to the extent permitted by law, will indemnify and hold the Authority and its members, directors, officers, agents, employees and assignees, harmless from, and defend each of them against, any and all claims, liens and judgments arising from: (a) the construction or operation of the Facilities, including, without limitation, death of or injury to any person or damage to property whatsoever occurring in, on or about the Facilities regardless of responsibility for negligence, but excepting the active negligence of the person or entity seeking indemnity; and (b) the issuance of the Bonds and any other action of the Authority taken pursuant to the Trust Agreement including, but not limited to, any liability of the Authority incurred pursuant to the Trustee indemnification provisions of the Trust Agreement.

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

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

Upon the termination or expiration of the Facilities Sublease (other than as provided in the event of condemnation or a default), title to the Facilities will vest in the City pursuant to the Facilities Lease. Upon any such termination or expiration, the Authority will execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

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

Continuing Disclosure Certificate. The City has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Facilities Sublease, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default thereunder; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% in aggregate principal amount in Outstanding Bonds and upon receipt of indemnification satisfactory to it, will) or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with the foregoing obligations. For purposes of the foregoing, "Beneficial Owner" means 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).

Net-Net-Net Lease. The Facilities Sublease will be deemed and construed to be a "net-net-net lease" and the City has agreed that the rentals and other payments provided for therein will be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever.

Taxes. The City will pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Facilities or the respective interests or estates therein; provided, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City will be obligated to pay only such installments as are required to be paid during the term of the Facilities Sublease as and when the same become due.

The City will also pay directly such amounts, if any, in each year as are required by the Authority for the payment of all license and registration fees and all taxes (including, without limitation, income, excise, license, franchise, capital stock, recording, sales, use, value-added, property, occupational, excess profits and stamp taxes), levies, imposts, duties, charges, withholdings, assessments and governmental charges of any nature whatsoever, together with any additions to tax, penalties, fines or interest thereon, including, without limitation, penalties, fines or interest arising out of any delay or failure by the City to pay any of the foregoing or failure to file or furnish to the Authority or the Trustee for filing in a timely manner any returns, levied or imposed against the Authority or the Facilities, the rentals and other payments required under the Facilities or any parts thereof or interests of the City or the Authority or the Trustee therein by any governmental authority.

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee notifies the City that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Facilities will be materially endangered or the Facilities, or any part thereof, will be subject to loss or forfeiture, in which event the City will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

PROVISIONS CONCERNING AGM AND THE BOND INSURANCE POLICIES

The City has covenanted and agreed, to the extent it may lawfully do so, that so long as any of the Bonds insured by AGM remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Facilities. The City has further covenanted and agreed, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Facilities, the appraised value of the Facilities will not be less than the greater of: (i) if such Bonds are then subject to redemption, the principal and interest components of the Bonds outstanding through the date of their redemption; or (ii) if such Bonds are not then subject to redemption, the amount necessary to defease such Bonds to the first available redemption date in accordance with the Trust Agreement.

The Lessee (under the Facilities Sublease) and the Lessor (under the Facilities Lease) does not have the right to terminate those agreements for default by the respective counterparties.

The City has agreed to pay, or reimburse AGM, as Additional Payments for the use and occupancy of the Facilities (subject to the provisions of the Facilities Sublease), any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any of the Trust Agreement, the Facilities Lease or the Facilities Sublease (each, a "Related Document"); (ii) the pursuit of any remedies under any Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of AGM to honor its obligations under the Bond Insurance Policies. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document.

The City may only contest taxes, assessments, utility and other such charges with respect to the Facilities upon notice to AGM and must pay such taxes, assessments, utility and other charges if requested to do so by AGM.

So long as the Series 2016 Bonds remain outstanding, the City agrees that it will not relocate any of the Facilities constituting the Kitching Substation or the Moreno Beach Substation without the prior written consent of AGM.

DISCLAIMER OF WARRANTIES; USE OF THE FACILITIES

Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR PARTICULAR PURPOSE OR FITNESS FOR USE OF THE FACILITIES, OR WARRANTY WITH RESPECT THERETO. THE CITY HAS ACKNOWLEDGED THAT THE AUTHORITY IS NOT A MANUFACTURER OF THE FACILITIES OR A DEALER THEREIN, THAT THE CITY LEASES THE FACILITIES AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE CITY. In no event will the Authority and Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Facilities Sublease or the existence, furnishing, functioning or the City's use of any item or products or services provided for therein.

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

MISCELLANEOUS

Law Governing. The Facilities Sublease will be governed exclusively by the provisions thereof and by the laws of the State as the same from time to time exist.

Bond Insurer as Third Party Beneficiary. To the extent that the Facilities Sublease confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason thereof, the Bond Insurer has been explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Validity and Severability. If for any reason the Facilities Sublease is held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City thereunder, including the covenant to pay rentals thereunder, is unenforceable for the full term thereof, then and in such event the Facilities Sublease is and will be deemed to be a lease under which the rentals are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Facilities, and all of the rental and other terms, provisions and conditions of the Facilities Sublease, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, remain in full force and effect.

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

TRUST AGREEMENT

THE BONDS

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

surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new Bond or Bonds of the same Series and maturity for a like aggregate principal amount of Authorized Denominations. The Trustee will require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer as a condition precedent to the exercise of such privilege.

The Authority and the Trustee may, except as otherwise provided in the Trust Agreement, deem and treat the registered owner of any Bond as the absolute owner of such Bond for the purpose of receiving payment thereof and for all other purposes, whether such Bond is overdue or not, and neither the Authority nor the Trustee will be affected by any notice or knowledge to the contrary; and payment of the interest on and principal of and redemption premium, if any, on such Bond will be made only to such registered owner, which payments will be valid and effectual to satisfy and discharge liability on such Bond to the extent of the sum or sums so paid.

The Trustee is not required to register the transfer of or exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in the Trust Agreement or during the period established by the Trustee for selection of Bonds for redemption.

Exchange of Bonds. Bonds may be exchanged at the Principal Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other authorized denominations. The Trustee will require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange as a condition precedent to the exercise of such privilege. The Trustee is not required to exchange any Bond which has been selected for redemption in whole or in part, from and after the day of mailing of a notice of redemption of such Bond selected for redemption in whole or in part as provided in the Trust Agreement or during the period established by the Trustee for selection of Bonds for redemption.

Bond Registration Books. The Trustee will keep at its office sufficient books for the registration and transfer of the Bonds, which during normal business hours are open to inspection by the Authority, and upon presentation for such purpose the Trustee will, under such reasonable regulations as it may prescribe, register or transfer the Bonds in such books as provided in the Trust Agreement.

Mutilated, Destroyed, Stolen or Lost Bonds; Temporary Bonds. If any Bond becomes mutilated, the Trustee, at the expense of the Bondholder, will thereupon authenticate and deliver a new Bond of like tenor and amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be cancelled.

If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee is given, the Trustee, at the expense of the Bondholder, will thereupon authenticate and deliver a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen.

The Trustee may require payment of a reasonable sum for each new Bond issued under the Trust Agreement and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any Bond issued under the provisions of the Trust Agreement in lieu of any Bond alleged to be lost, destroyed or stolen will be equally and proportionately entitled to the benefits of the Trust Agreement with all other Bonds of the same Series secured by the Trust Agreement. Neither the Authority nor the Trustee are required to treat both the original Bond and any replacement Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued under the Trust Agreement or for the purpose of determining any percentage of Bonds Outstanding thereunder, but both the original and replacement Bond will be treated as one and the same.

The Bonds issued under the Trust Agreement may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, will be of such denominations as may be determined by the Authority, will be in fully registered form and may contain such reference to any of the provisions of the Trust Agreement as may be appropriate. Every temporary Bond will be executed and authenticated as authorized by the Authority, in accordance with the terms of the Act. If the Authority issues temporary Bonds, it will execute and furnish definitive Bonds without delay and thereupon the temporary

Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee, and the Trustee will deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds will be entitled to the same benefits under the Trust Agreement as definitive Bonds delivered thereunder.

Special Covenants as to Book-Entry Only System for Series 2021 Bonds.

(a) Except as otherwise provided in clauses (b) and (c) below, all of the Series 2021 Bonds initially issued will be registered in the name of Cede & Co., as nominee for DTC, or such other nominee as DTC requests pursuant to the Representation Letter. Payment of the interest on any Series 2021 Bond registered in the name of Cede & Co. will be made on each Interest Payment Date for such Series 2021 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(b) The Series 2021 Bonds initially will be issued in the form of a single authenticated fully registered bond for each stated maturity of such Series 2021 Bonds, representing the aggregate principal amount of the Series 2021 Bonds of such maturity. Upon initial issuance, the ownership of all such Series 2021 Bonds will be registered in the registration records maintained by the Trustee pursuant to the Trust Agreement in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC requests pursuant to the Representation Letter. The Trustee, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2021 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series 2021 Bonds, selecting the Series 2021 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Trust Agreement, registering the transfer of Series 2021 Bonds, obtaining any consent or other action to be taken by Bondholders of the Series 2021 Bonds and for all other purposes whatsoever; and neither the Trustee nor the Authority or any paying agent will be affected by any notice to the contrary. Neither the Trustee nor the Authority or any paying agent have any responsibility or obligation to any "Participant" (which means, for purposes of the Trust Agreement, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2021 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondholder, with respect to: (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2021 Bonds; (iii) any notice which is permitted or required to be given to Bondholders of Series 2021 Bonds under the Trust Agreement; (iv) the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2021 Bonds; or (v) any consent given or other action taken by DTC as Bondholder of Series 2021 Bonds. The Trustee will pay all principal of and premium, if any, and interest on the Series 2021 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments will be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the payment of the principal of and premium, if any, and interest on the Series 2021 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2021 Bonds will be transferable to such new nominee in accordance with clause (e) below.

(c) In the event that the Authority determines that the Series 2021 Bonds should not be maintained in book-entry form, the Trustee will, upon the written instruction of the Authority, so notify DTC, whereupon DTC will notify the Participants of the availability through DTC of bond certificates. In such event, the Series 2021 Bonds will be transferable in accordance with clause (e) below. DTC may determine to discontinue providing its services with respect to the Series 2021 Bonds or a portion thereof, at any time by giving written notice of such discontinuance to the Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 2021 Bonds will be transferable in accordance with clause (e). If at any time DTC is no longer registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor securities depository is not appointed by the Authority within 90 days after the Authority receives notice or becomes aware of such condition, as the case may be, then the foregoing provisions will no longer be applicable and the Authority will execute and the Trustee will authenticate and deliver certificates representing the Series 2021 Bonds as provided below. Whenever DTC requests the Authority and the Trustee to do so, the Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series 2021 Bonds

then Outstanding. In such event, the Series 2021 Bonds will be transferable to such securities depository in accordance with clause (e) below, and thereafter, all references in the Trust Agreement to DTC or its nominee will be deemed to refer to such successor securities depository and its nominee, as appropriate.

(d) Notwithstanding any other provision of the Trust Agreement to the contrary, so long as all Series 2021 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2021 Bond and all notices with respect to each such Series 2021 Bond will be made and given, respectively, to DTC as provided in or pursuant to the Representation Letter.

(e) In the event that any transfer or exchange of Series 2021 Bonds is authorized under clauses (b) or (c) above, such transfer or exchange will be accomplished upon receipt by the Trustee from the registered owner thereof of the Series 2021 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the provisions that are described above under the captions “Transfer and Payment of Bonds” and “Exchange of Bonds.” In the event that Series 2021 Bond certificates are issued to Bondholders other than Cede & Co., its successor as nominee for DTC as holder of all the Series 2021 Bonds, another securities depository as holder of all the Series 2021 Bonds or the nominee of such successor securities depository, the provisions of that are described above under the captions “Transfer and Payment of Bonds” and “Exchange of Bonds” also apply to, among other things, the registration, exchange and transfer of the Series 2021 Bonds and the method of payment of principal of, premium, if any, and interest on the Series 2021 Bonds.

The transferor of any Series 2021 Bond not registered in the name of any nominee of DTC or other qualified institutional investor will also provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Trustee may rely on the information provided to it and has no responsibility to verify or ensure the accuracy of such information.

ISSUANCE OF BONDS

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

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

REVENUES

Pledge of Revenues. At least three Business Days prior to each date on which a Base Rental Payment is due, pursuant to the Facilities Sublease, the Trustee will notify the City of the amount of the installment of Base Rental Payment needed to pay the principal of and interest on the Bonds due on the next following Interest Payment Date. Any failure to send such notice will not affect the City’s obligation to make timely payments of installments of Base Rental Payments.

Establishment and Maintenance of Accounts for Use of Money in the Revenue Fund. The Trustee will establish and maintain within the Principal Account a separate subaccount for the Term Bonds of the Series 2021 Bonds and maturity, designated as the “Series 2021 Sinking Account” (the “Sinking Account”), inserting therein the Series and maturity (if more than one such account is established for such Series) designation of such Bonds. With respect to the Sinking Account, on each mandatory sinking account payment date established for such Sinking Account, the Trustee will apply the mandatory sinking account payment required on that date to the redemption (or

payment at maturity, as the case may be) of Term Bonds of the Series and maturity for which such Sinking Account was established, upon the notice and in the manner provided in the Trust Agreement; provided that, at any time prior to selection of Bonds for redemption, the Trustee may, upon the Written Request of the Authority, apply moneys in such Sinking Account to the purchase of Term Bonds of such Series and maturity at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account), as may be directed by the Authority, except that the purchase price (excluding accrued interest) may not exceed the redemption price that would be payable for such Bonds upon redemption by application of such mandatory sinking account payment. If, during the twelve month period immediately preceding said mandatory sinking account payment date, the Trustee has purchased Term Bonds of such Series and maturity with moneys in such Sinking Account, such Bonds so purchased will be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking account payment.

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

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

Investments (except investment agreements or repurchase agreements) in Trust Agreement funds and accounts will be valued at the market value thereof, exclusive of accrued interest. Investments purchased with funds on deposit in the Revenue Fund will mature not later than the payment date or redemption date, as appropriate, immediately succeeding the investment. Subject to the Trust Agreement, investments in any and all funds and

accounts may be commingled for purposes of making, holding and disposing of investments, notwithstanding provisions therein for transfer to or holding in particular funds and accounts amounts received or held by the Trustee thereunder, provided that the Trustee will at all times account for such investments strictly in accordance with the funds and accounts to which they are credited and otherwise as provided in the Trust Agreement.

The Authority (and the City by its execution of the Facilities Sublease) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority has specifically waived receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority and the City periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

COVENANTS OF THE AUTHORITY

Punctual Payment and Performance. The Authority will punctually pay out of the Revenues the interest on and principal of and redemption premiums, if any, to become due on every Bond issued under the Trust Agreement in strict conformity with the terms thereof and of the Bonds, and will faithfully observe and perform all the agreements and covenants to be observed or performed by the Authority contained therein and in the Bonds.

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

Accounting Records and Reports. The Authority will keep or cause to be kept proper books of record and accounts in which complete and correct entries are made of all transactions relating to the receipts, disbursements, allocation and application of the Revenues, and such books will be available for inspection by the Trustee at reasonable hours and under reasonable conditions. Not more than seven months after the close of each Fiscal Year, the Authority will furnish or cause to be furnished to the Trustee a complete financial statement (which may be unaudited) covering receipts, disbursements, allocation and application of Revenues for such Fiscal Year. The Authority will also keep or cause to be kept such other information as required under the Tax Certificate.

Prosecution and Defense of Suits. The Authority will defend against every suit, action or proceeding at any time brought against the Trustee upon any claim to the extent arising out of the receipt, application or disbursement of any of the Revenues or to the extent involving the failure of the Authority to fulfill its obligations under the Trust Agreement; provided, that the Trustee or any affected Bondholder at its election may appear in and defend any such suit, action or proceeding. The Authority will indemnify and hold harmless the Trustee against any and all liability claimed or asserted by any person to the extent arising out of such failure by the Authority, and will indemnify and hold harmless the Trustee against any reasonable attorney's fees or other reasonable expenses which it may incur in connection with any litigation to which it may become a party by reason of its actions under the Trust Agreement, except for any loss, cost, damage or expense resulting from the negligence or willful misconduct by the Trustee. Notwithstanding any contrary provision of the Trust Agreement, the foregoing covenant will remain in full force and effect even though all Bonds secured thereby may have been fully paid and satisfied.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Bondholder, the Authority will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments, and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Bondholders all rights, interests, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by the Trust Agreement.

Amendments to Facilities Sublease or Facilities Lease. The Authority may not supplement, amend, modify or terminate any of the terms of the Facilities Sublease or Facilities Lease, or consent to any such supplement, amendment, modification or termination, without the prior written consent of the Trustee. The Trustee will give such written consent if such supplement, amendment, modification or termination: (a) will not materially adversely affect the interests of the Bondholders or result in any material impairment of the security given by the Trust

Agreement for the payment of the Bonds (provided that such supplement, amendment or modification will not be deemed to have such adverse effect or to cause such material impairment solely by reason of increasing the amount of Base Rental Payments to provide for the payment of Additional Bonds as required by the Trust Agreement or substitution, release or addition of real property pursuant to the Facilities Sublease), (b) is to add to the agreements, conditions, covenants and terms required to be observed or performed thereunder by any party thereto, or to surrender any right or power therein reserved to the Authority or the City; (c) is to cure, correct or supplement any ambiguous or defective provision contained therein; (d) is to accommodate any increase in the amount of Base Rental Payments to provide for the payment of Base Rental Payments as required by the Trust Agreement, or any addition, substitution or release of property in accordance with the Facilities Sublease; (e) is to modify the legal description of the Facilities to conform to the requirements of title insurance or otherwise to add or delete property descriptions to reflect accurately the description of the parcels intended to be included therein, or substituted for the Facilities pursuant to the provision of the Facilities Sublease; or (f) if the Trustee first obtains the written consent of the Bondholders of a majority in principal amount of the Bonds then Outstanding to such supplement, amendment, modification or termination.

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Events of Default and Action on Default. The following events are “Events of Default”:

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

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

Anything in the Trust Agreement to the contrary notwithstanding, upon the occurrence and continuance of an Event of Default, so long as the Bond Insurer is not in default under its Bond Insurance Policy, the Bond Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the Owners or the Trustee for the benefit of the Owners under the Trust Agreement.

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

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

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

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

Institution of Legal Proceedings by Trustee. If one or more of the Events of Default happen and are continuing, the Trustee may, and upon the written request of the Bondholders of a majority in principal amount of the Bonds then Outstanding, and in each case upon being indemnified to its reasonable satisfaction therefor, will, proceed to protect or enforce its rights or the rights of the Bondholders of Bonds under the Trust Agreement and under the Facilities Sublease by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained therein, or in aid of the execution of any power therein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee deems most effectual in support of any of its rights and duties thereunder.

Non-Waiver. Nothing in the Trust Agreement or in the Bonds affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the interest on and principal of and redemption premiums, if any, on the Bonds to the respective Bondholders of the Bonds at the respective dates of maturity or upon prior redemption as provided in the Trust Agreement from the Revenues as provided therein pledged for such payment, or affects or impairs the right of such Bondholders, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Trust Agreement and in the Bonds.

A waiver of any default or breach of duty or contract by the Trustee or any Bondholder will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee or any Bondholder to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Bondholders by the Act or the Trust Agreement may be enforced and exercised from time to time and as often as deemed expedient by the Trustee or the Bondholders.

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

Actions by Trustee as Attorney-in-Fact. Any action, proceeding or suit which any Bondholder has the right to bring to enforce any right or remedy under the Trust Agreement may be brought by the Trustee for the equal benefit and protection of all Bondholders, whether or not the Trustee is a Bondholder, and the Trustee has been appointed (and the successive Bondholders, by taking and holding the Bonds issued under the Trust Agreement, will be conclusively deemed to have so appointed it) the true and lawful attorney-in-fact of the Bondholders for the purpose of bringing any such action, proceeding or suit and for the purpose of doing and performing any and all acts and things for and on behalf of the Bondholders as a class or classes as may be advisable or necessary in the opinion of the Trustee as such attorney-in-fact.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Bondholders in the Trust Agreement is intended to be exclusive of any other remedy, and each such remedy will be cumulative and in addition to every other remedy given under the Trust Agreement or now or later 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 Act or any other law.

Limitation on Bondholders' Right to Sue. No Bondholder of any Bond issued under the Trust Agreement will have the right to institute any suit, action or proceeding at law or equity, for any remedy under or upon the Trust Agreement, unless: (a) such Bondholder has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Bondholders of at least a majority in aggregate principal amount of all the Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Trust Agreement or to institute such suit, action or proceeding in its own name; (c) said Bondholders have tendered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of 60 days after such request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission have been declared, in every case, to be conditions precedent to the exercise by any Bondholder of Bonds of any remedy under the Trust Agreement; it being understood and intended that no one or more Bondholders of Bonds have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Trust Agreement will be instituted, had and maintained in the manner therein provided and for the equal benefit of all Bondholders of the Outstanding Bonds.

THE TRUSTEE

The Trustee. Wells Fargo Bank, National Association will serve as the Trustee for the Bonds for the purpose of receiving all money which the Authority is required to deposit with the Trustee under the Trust Agreement and for the purpose of allocating, applying and using such money as provided therein and for the purpose of paying the interest on and principal of and redemption premiums, if any, on the Bonds presented for payment, with the rights and obligations provided therein. The Authority has agreed that it will at all times maintain a Trustee having a corporate trust office in California.

The Authority, unless there exists any Event of Default, may at any time remove the Trustee initially appointed and any successor thereto and may appoint a successor or successors thereto by an instrument in writing; provided, that any such successor will be a national banking association, bank, banking institution or trust company having (or whose parent holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars and subject to supervision or examination by federal or state authority. If such national banking association, bank, banking institution, or trust 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 the Trust Agreement the combined capital and surplus of such bank, banking institution or trust company will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. The Trustee may at any time resign by giving written notice of such resignation to the Authority, and by mailing by first class mail to the Bondholders notice of such resignation. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of a Trustee and appointment of a successor Trustee will become effective only upon the acceptance of appointment by the successor Trustee. The successor Trustee will send notice of its acceptance by first class mail to the Bondholders. If, within 30 days after notice of the removal or resignation of the Trustee no successor Trustee has

been appointed and has accepted such appointment, the removed or resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, which court may thereupon, after such notice, if any, as it may deem proper and prescribe and as may be required by law, appoint a successor Trustee having the qualifications required by the Trust Agreement.

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 is a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business will succeed to the rights and obligations of the Trustee without the execution or filing of any paper or any further act, anything in the Trust Agreement to the contrary notwithstanding.

The Trustee has been authorized to pay or redeem the Bonds when duly presented for payment at maturity or on redemption prior to maturity. The Trustee will cancel all Bonds upon payment thereof or upon the surrender thereof by the Authority and will destroy such Bonds pursuant to its retention policy then in effect and a certificate of destruction will be delivered to the Authority upon its request. The Trustee will keep accurate records of all Bonds paid and discharged and cancelled by it.

The Trustee will, prior to an event of default, and after the curing of all Events of Default that may have occurred, perform such duties and only such duties as are specifically set forth in the Trust Agreement and no implied duties or obligations will be read into the Trust Agreement. The Trustee will, during the existence of any event of default (that has not been cured), exercise such of the rights and powers vested in it by the Trust Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Liability of Trustee. The recitals of facts, agreements and covenants in the Trust Agreement and in the Bonds will be taken as recitals of facts, agreements and covenants of the Authority, and the Trustee assumes no responsibility for the correctness of the same or makes any representation as to the sufficiency or validity of the Trust Agreement or of the Bonds, or incurs any responsibility in respect thereof other than in connection with the rights or obligations assigned to or imposed upon it therein, in the Bonds or in law or equity. The Trustee will not be liable in connection with the performance of its duties under the Trust Agreement except for its own negligence or willful misconduct.

The Trustee is not bound to recognize any person as the Bondholder of a Bond unless and until such Bond is submitted for inspection, if required, and such Bondholder's title thereto satisfactorily established, if disputed. The Trustee is not liable for any error of judgment made in good faith, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Bondholders of not less than a majority (or any lesser amount that may direct the Trustee in accordance with the Trust Agreement) in aggregate principal amount of the Bonds at the time Outstanding, 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 Trust Agreement.

The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Trust Agreement at the request, order or direction of any of the Bondholders pursuant to the provisions of the Trust Agreement unless such Bondholders have offered to the Trustee reasonable security or indemnity against the reasonable costs, expenses and liabilities that may be incurred therein or thereby. The Trustee has no obligation or liability to the Bondholders for the payment of the interest on, principal of or redemption premium, if any, with respect to the Bonds from its own funds; but rather the Trustee's obligations will be limited to the performance of its duties under the Trust Agreement.

The Trustee will not be deemed to have knowledge of any event of default (except payment defaults) unless and until a Responsible Officer has actual knowledge thereof or a Responsible Officer of the Trustee has received written notice thereof at its Principal Office. The Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements in the Trust Agreement or of any of the

documents executed in connection with the Bonds, or as to the existence of a default or event of default thereunder. The Trustee is not responsible for the validity or effectiveness of any collateral given to or held by it.

The Trustee may execute any of the trusts or powers under the Trust Agreement or perform any duties thereunder either directly or by or through attorneys-in-fact, agents or receivers, but is not answerable for the negligence or misconduct of any such attorney-in-fact, agent or receiver if such attorneys-in-fact, agents or receivers were selected by the Trustee with due care. The Trustee is entitled to advice of counsel and other professionals concerning all matters of trust and its duty under the Trust Agreement, but the Trustee is not answerable for the professional malpractice of any attorney-in-law or certified public accountant in connection with the rendering of professional advice in accordance with the terms of the Trust Agreement, if such attorney-in-law or certified public accountant was selected by the Trustee with due care.

The Trustee is not concerned with or accountable to anyone for the subsequent use or application of any moneys which are released or withdrawn in accordance with the provisions of the Trust Agreement. Whether or not therein expressly so provided, every provision of the Trust Agreement, the Facilities Lease, the Facilities Sublease or related documents relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of the Trust Agreement.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose for the use contemplated by the Authority or City of the Facilities. In no event will the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Facilities Lease, the Facilities Sublease or the Trust Agreement for the existence, furnishing or use of the Facilities.

The Trustee will be protected in acting upon any notice, resolution, requisition, request (including any Written Request of the Authority or Written Request of the City), consent, order, certificate, report, opinion, bond or other paper or document 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 Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Trust Agreement in good faith and in accordance therewith.

The Trustee will not be considered in breach of or in default in its obligations under the Trust Agreement or progress in respect thereto in the event of enforced delay (“unavoidable delay”) in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Whenever in the administration of its rights and obligations under the Trust Agreement the Trustee deems it necessary or desirable that a matter be established or proved prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof is specifically prescribed in the Trust Agreement) may, in the absence of bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Authority or a Certificate of the City, which certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may in lieu thereof accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

No provision of the Trust Agreement requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties thereunder, or in the exercise of its rights or powers. Under no circumstances will the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

The Trustee is not required to review or inspect, and will not be deemed to have notice of, the contents of any financial statement delivered to the Trustee, it being expressly understood that the Trustee will only receive and hold such documents as a repository for examination and copying by any Holder at such Holder's expense during business hours on Business Days with reasonable prior notice.

The Trustee has agreed to accept and act upon instructions or directions pursuant to the Trust Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee has received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee will 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 instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City have agreed to assume all risks arising out of the use of such electronic methods to submit instructions and directions 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.

The permissive right of the Trustee to do things enumerated in the Trust Agreement will not be construed as a duty and it will not be answerable for other than its negligence or willful misconduct. The Trustee has 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 these Bonds.

Compensation and Indemnification of Trustee. The Authority has covenanted to pay (but solely from Additional Payments) to the Trustee from time to time, and the Trustee will be entitled to, reasonable compensation for all services rendered by them in the exercise and performance of any of the powers and duties under the Trust Agreement of the Trustee, and the Authority will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee, in accordance with any of the provisions of the Trust Agreement (including the reasonable compensation and the reasonable expenses and disbursements of their counsel (including the allocated reasonable fees and disbursements of in-house counsel) and of all persons not regularly in their employ) except any such expense, disbursement or advance as may arise from the Trustee's negligence or willful misconduct. The Authority, to the extent permitted by law, will indemnify, defend and hold harmless the Trustee against any loss, damage, liability or expense incurred without negligence or willful misconduct on the part of the Trustee arising out of or in connection with the acceptance or administration of the trusts created by the Trust Agreement, including reasonable costs and expenses (including reasonable attorneys' fees and disbursements) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers thereunder. The rights of the Trustee and the obligations of the Authority under the Trust Agreement will survive the discharge of the Bonds and the Trust Agreement and the resignation or removal of the Trustee. Upon an Event of Default, the Trustee will have a first lien on the trust estate with right of payment prior to payment on account of interest, principal and premium, if any, on the Bonds for all administrative expenses, advances, disbursements and counsel fees incurred or made in and about execution of the trusts and performance of the duties of the Trustee.

Compliance with Continuing Disclosure Certificate. Pursuant to the Facilities Sublease, the City has undertaken all responsibility for compliance with continuing disclosure requirements, and the Authority has no liability to the Holders of the Bonds or any other person with respect to Rule 15c2-12 promulgated by the Securities and Exchange Commission. Notwithstanding any other provision of the Trust Agreement, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least 25% aggregate principal amount in Outstanding Bonds, and upon receipt of indemnification satisfactory to it, will) or any Bondholder 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 City to comply with the foregoing obligations. For purposes of the Trust Agreement, "Beneficial Owner" means 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).

AMENDMENT OF THE TRUST AGREEMENT

Amendment of the Trust Agreement.

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

(b) The Trust Agreement and the rights and obligations of the Authority and of the Bondholders may also be amended at any time by a Supplemental Trust Agreement which will become binding upon adoption without the consent of any Bondholders for any purpose that will not materially adversely affect the interests of the Bondholders, including (without limitation) for any one or more of the following purposes:

(i) to add to the agreements and covenants required in the Trust Agreement to be performed by the Authority other agreements and covenants thereafter to be performed by the Authority, or to surrender any right or power reserved therein to or conferred therein on the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained in the Trust Agreement or in regard to questions arising thereunder which the Authority may deem desirable or necessary;

(iii) to provide for the issuance of any Additional Bonds and to provide the terms of such Additional Bonds, subject to the conditions and upon compliance with the procedure set forth in the Trust Agreement (which will be deemed not to adversely affect Bondholders); or

(iv) to add to the agreements and covenants required in the Trust Agreement, such agreements and covenants as may be necessary to qualify the Trust Agreement under the Trust Indenture Act of 1939.

Disqualified Bonds. Bonds owned or held by or for the account of the Authority will not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Bonds provided in the Trust Agreement, and will not be entitled to consent to or take any other action provided in the Trust Agreement.

Endorsement or Replacement of Bonds After Amendment. After the effective date of any action taken as provided in the Trust Agreement, the Authority may determine that the Bonds may bear a notation by endorsement in form approved by the Authority as to such action, and in that case upon demand of the Bondholder of any Outstanding Bonds and presentation of his Bond for such purpose at the office of the Trustee a suitable notation as to such action will be made on such Bond. If the Authority so determines, new Bonds so modified as, in the opinion of the Authority, are necessary to conform to such action will be prepared and executed, and in that case upon demand

of the Bondholder of any Outstanding Bond a new Bond or Bonds will be exchanged at the office of the Trustee without cost to each Bondholder for its Bond or Bonds then Outstanding upon surrender of such Outstanding Bonds.

Amendment by Mutual Consent. The provisions of the Trust Agreement will not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

DEFEASANCE

Discharge of Bonds.

(a) If the Authority pays or cause to be paid or there is otherwise be paid to the Bondholders of all Outstanding Bonds the interest thereon and principal thereof and redemption premiums, if any, thereon at the times and in the manner stipulated therein, and the Authority will pay in full all other amounts due under the Trust Agreement and under the Facilities Sublease, then the Bondholders of such Bonds will cease to be entitled to the pledge of and charge and lien upon the Revenues as provided therein, and all agreements, covenants and other obligations of the Authority to the Bondholders of such Bonds under the Trust Agreement will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, the Trustee will pay over or deliver to the Authority all money or securities held by it pursuant to the Trust Agreement which are not required for the payment of the interest on and principal of and redemption premiums, if any, on such Bonds and for the payment of all other amounts due thereunder and under the Facilities Sublease. Notwithstanding anything in the Trust Agreement to the contrary, in the event that the principal and/or interest of the Bonds are paid by the Bond Insurer pursuant to the Bond Insurance Policy, the Bonds will remain Outstanding for all purposes, not be defeased or otherwise satisfied and not be considered paid by the City, and the assignment and pledge of the Trust Estate and all covenants, agreements and other obligations of the City to the registered owners will continue to exist and will run to the benefit of the Bond Insurer, and the Bond Insurer will be subrogated to the rights of such registered owners.

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

(c) Only: (1) cash; (2) non-callable direct obligations of the United States of America ("Treasuries"); (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries 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 Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated; (4) subject to the prior written consent of AGM, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively; or (5) subject to the prior written consent of AGM, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, will be used to effect defeasance of the Bonds unless AGM otherwise approves.

To accomplish defeasance, the Authority will cause to be delivered: (i) a report of an independent firm of nationally recognized certified public accountants or such other accountant as is acceptable to AGM (“Accountant”) verifying the sufficiency of the escrow established to pay the Bonds in full on the maturity or redemption date (“Verification”); (ii) an Escrow Deposit Agreement (which is acceptable in form and substance to AGM); (iii) an opinion of nationally recognized bond counsel to the effect that the Bonds are no longer “Outstanding” under the Trust Agreement; and (iv) a certificate of discharge of the Trustee with respect to the Series 2015 Bonds; each Verification and defeasance opinion must be acceptable in form and substance, and addressed, to the Authority, Trustee and Insurer. AGM will be provided with final drafts of the above referenced documentation not less than five business days prior to the funding of the escrow. Bonds will be deemed “Outstanding” under the Trust Agreement unless and until they are in fact paid and retired or the above criteria are met.

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

PROVISIONS RELATED TO 2021 BOND INSURANCE POLICY; BOND INSURER AND 2021 RESERVE POLICY

General Provisions Relating to Bond Insurance. So long as any Series 2021 Bonds remain outstanding and AGM has not defaulted under the 2021 Bond Insurance Policy (or any amounts are owed to AGM), the following provisions will govern, notwithstanding anything to the contrary set forth in the Trust Agreement, or individually in the appropriate sections:

(a) AGM will be deemed to be the sole holder of the Insured Series 2021 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2021 Bonds are entitled to take pursuant to the Trust Agreement pertaining to: (i) defaults and remedies; and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Trust Agreement and each Insured Series 2021 Bond, the Trustee and each Bondholder have appointed AGM as their agent and attorney-in-fact and agreed that AGM may at any time during the continuation of any proceeding by or against the Authority or City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an “Insolvency Proceeding”) direct all matters relating to such Insolvency Proceeding, including without limitation: (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a “Claim”); (B) the direction of any appeal of any order relating to any Claim; (C) the posting of any surety, supersedeas or performance bond pending any such appeal; and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Bondholder delegate and assign to AGM, to the fullest extent permitted by law, the rights of the Trustee and each Bondholder in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. Remedies granted to the Bondholders expressly include mandamus.

(b) No grace period for a covenant default may exceed 30 days or be extended for more than 60 days, without the prior written consent of AGM. No grace period will be permitted for payment defaults.

(c) Upon the occurrence of an extraordinary optional, special or extraordinary mandatory redemption in part, the selection of Bonds to be redeemed will be subject to the approval of AGM. The exercise of any provision of the Trust Agreement which permits the purchase of Bonds in lieu of redemption will require the prior written approval of AGM if any Bond so purchased is not cancelled upon purchase.

(d) Any amendment, supplement, modification to, or waiver of, the Trust Agreement or any other Related Document that requires the consent of Bondholders or adversely affects the rights and interests of AGM will be subject to the prior written consent of AGM.

(e) The rights granted to AGM under the Trust Agreement or any other Related Document to request, consent to or direct any action are rights granted to AGM in consideration of its issuance of the 2021 Bond Insurance Policy. Any exercise by AGM of such rights is merely an exercise of AGM's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the Bondholders and such action does not evidence any position of AGM, affirmative or negative, as to whether the consent of the Bondholders or any other person is required in addition to the consent of AGM.

(f) Amounts paid by AGM under the 2021 Bond Insurance Policy will not be deemed paid for purposes of the Trust Agreement and the Insured Series 2021 Bonds relating to such payments will remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Trust Agreement. The Trust Agreement may not be discharged unless all amounts due or to become due to AGM have been paid in full or duly provided for.

(g) Each of the Authority and Trustee have covenanted and agreed to take such action (including, as applicable, filing of UCC financing statements and continuations thereof, it being understood that with respect to UCC filings, the Trustee will be responsible only for the timely filing of continuation statements) as is necessary from time to time to preserve the priority of the pledge of the Trust Estate under applicable law.

(h) AGM will, to the extent it makes any payment of principal of or interest on the Insured Series 2021 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the 2021 Bond Insurance Policy (which subrogation rights also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to AGM under the Related Documents will survive discharge or termination of such Related Documents.

(i) The Authority will pay or reimburse (or cause the City to pay or reimburse) AGM any and all charges, fees, costs and expenses that AGM may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Trust Agreement or any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Trust Agreement or any other Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection with the Trust Agreement or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of AGM to honor its obligations under the 2021 Bond Insurance Policy. AGM reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Trust Agreement or any other Related Document.

(j) After payment of reasonable expenses of the Trustee, the application of funds realized upon default will be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Fund Requirement.

(k) AGM is entitled to pay principal or interest on the Insured Series 2021 Bonds that become Due for Payment but are unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the 2021 Bond Insurance Policy), whether or not AGM has received a Notice of Nonpayment (as such terms are defined in the 2021 Bond Insurance Policy) or a claim upon the 2021 Bond Insurance Policy.

(l) In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Trust Agreement would adversely affect the security for the Bonds or the rights of the

Bondholders, the Authority will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no 2021 Bond Insurance Policy.

(m) No contract may be entered into or any action taken by which the rights of AGM or security for or sources of payment of the Series 2021 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of AGM.

Claims Upon the 2021 Bond Insurance Policy and Payments by and to AGM.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date or Principal Payment Date (each, a “Payment Date”) there is not on deposit with the Trustee, after making all transfers and deposits required under the Trust Agreement, moneys sufficient to pay the principal of and interest on the Insured Series 2021 Bonds due on such Payment Date, the Trustee will give notice to AGM and to its designated agent (if any) (the “Insurer’s Fiscal Agent”) by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2021 Bonds due on such Payment Date, the Trustee will make a claim under the 2021 Bond Insurance Policy and give notice to AGM and the Insurer’s Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2021 Bonds and the amount required to pay principal of the Insured Series 2021 Bonds, confirmed in writing to AGM and the Insurer’s Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the 2021 Bond Insurance Policy.

(b) The Trustee will designate any portion of payment of principal on Insured Series 2021 Bonds paid by AGM, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2021 Bonds registered to the then current Bondholder, whether DTC or its nominee or otherwise, and will issue a replacement Bond to AGM, registered in the name of Assured Guaranty Municipal Corp., in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee’s failure to so designate any payment or issue any replacement Bond will have no effect on the amount of principal or interest payable by the Authority on any Insured Series 2021 Bond or the subrogation rights of AGM.

(c) The Trustee will keep a complete and accurate record of all funds deposited by AGM into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2021 Bond. AGM has the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the 2021 Bond Insurance Policy, the Trustee will establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the “Policy Payments Account” and over which the Trustee will have exclusive control and sole right of withdrawal. The Trustee will receive any amount paid under the 2021 Bond Insurance Policy in trust on behalf of Bondholders and deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts will be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2021 Bonds under the sections hereof regarding payment of Series 2021 Bonds. It is not necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Trust Agreement to the contrary, the Authority has agreed, and will cause the City to agree, to pay to AGM: (i) a sum equal to the total of all amounts paid by AGM under the 2021 Bond Insurance Policy (the “Insurer Advances”); and (ii) interest on such Insurer Advances from the date paid by AGM until payment thereof in full, payable to AGM at the Late Payment Rate per annum (collectively, the “Insurer Reimbursement Amounts”). For purposes of the Series 2021 Bonds, the 2021 Bond Insurance Policy and the 2021 Reserve Policy, “Late Payment Rate” means the lesser of: (a) 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 (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%; and (ii) the then applicable highest rate of interest on the Insured Series 2021 Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest

rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority and the City have covenanted and agreed that Insurer Reimbursement Amounts are secured by a lien on and pledge of the Base Rental Payments and other amounts, and payable from such Base Rental Payments and other amounts, on a parity with debt service due on the Bonds.

(e) Funds held in the Policy Payments Account may not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Interest Payment Date will promptly be remitted to AGM.

Provision of Information and Notice to Bond Insurer. So long as any Bonds remain outstanding and the Bond Insurer has not defaulted under the Bond Insurance Policy, the Bond Insurer will be provided with the following information by the City, Authority or Trustee, as the case may be:

(a) Annual audited financial statements within 180 days (or such longer period agreed to by the Bond Insurer) after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Trust Agreement), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Bond Insurer reasonably requests from time to time.

(b) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than: (i) withdrawals of amounts in excess of the Reserve Fund Requirement; and (ii) withdrawals in connection with a refunding of Bonds.

(c) Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof.

(d) Prior notice of the advance refunding or redemption of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(e) Notice of the resignation or removal of the Trustee and Bond Registrar and the appointment of, and acceptance of duties by, any successor thereto.

(f) Notice of the commencement of any Insolvency Proceeding.

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds.

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents.

(i) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents.

The Bond Insurer has the right to receive such additional information as it may reasonably request.

The Authority will permit the Bond Insurer to discuss the affairs, finances and accounts of the Authority or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the Authority and will use commercially reasonable efforts to enable the Bond Insurer to have access to the facilities, books and records of the Authority on any business day upon reasonable prior notice.

The Trustee will notify the Bond Insurer of any failure of the Authority or the City to provide notices, certificates and other information under the transaction documents.

Provisions Relating to 2021 Reserve Policy. So long as any Series 2021 Bonds remain outstanding and AGM has not defaulted under the 2021 Reserve Policy (or any amounts are owed to AGM), the following provisions

govern, notwithstanding anything to the contrary set forth in the Trust Agreement or individually in the appropriate sections:

(a) Upon any payment by AGM under the 2021 Reserve Policy, AGM will furnish to the Authority and the City written instructions as to the manner in which payment of amounts owed to AGM as a result of such payment under the 2021 Reserve Policy will be made. Amounts drawn under the 2021 Reserve Policy will be used solely to pay scheduled payments of principal and interest due on the Series 2021 Bonds.

(b) The Authority will repay, or cause the City to repay, any draws under the 2021 Reserve Policy and pay all related reasonable expenses incurred by AGM and pay interest thereon from the date of payment by AGM (subject to abatement as set forth in the 2021 Master Facilities Sublease) at the Late Payment Rate. If the interest provisions of this subparagraph (b) 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 Trust Agreement, then all sums in excess of those lawfully collectible as interest for the period in question will, without further agreement or notice between or by any party thereto, be applied as additional interest for any later periods of time when amounts are outstanding thereunder to the extent that interest otherwise due thereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess will be applied upon principal immediately upon receipt of such moneys by AGM, with the same force and effect as if the Authority 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 will any agreed-to or actual exaction as consideration for the indebtedness created in the Trust Agreement exceed the limits imposed or provided by the law applicable to the Series 2021 Bonds for the use or detention of money or for forbearance in seeking its collection.

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

Amounts in respect of Policy Costs paid to AGM will 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 2021 Reserve Policy will be increased by a like amount, subject to the terms of the 2021 Reserve Policy. The obligation to pay Policy Costs will be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2021 Bonds (subject only to the priority of payment provisions set forth under the Trust Agreement).

All cash and investments in the Reserve Fund not allocable to a particular Series or Bonds will be transferred to the Revenue Fund for payment of debt service on Series 2021 Bonds before any drawing may be made on the 2021 Reserve Policy or any other credit facility credited to the Reserve Fund in lieu of cash (each, a "Credit Facility"). Payment of any Policy Costs will be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the 2021 Reserve Policy) on which there is available coverage will 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 Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities will be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. 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.

(c) If the Authority or the City fail to pay any Policy Costs in accordance with the requirements of subparagraph (b) above, AGM is entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Trust Agreement other than: (i) acceleration of the maturity of the Bonds; or (ii) remedies which would adversely affect owners of the Bonds.

(d) The Trust Agreement may not be discharged until all Policy Costs owing to AGM have been paid in full. The Authority's obligation to pay such amounts will expressly survive payment in full of the Series 2021 Bonds.

(e) The Authority and the City will include any Policy Costs then due and owing AGM in the calculation of any applicable additional bonds test as set forth in the Trust Agreement.

(f) In order to secure the Authority's and the City's payment obligations with respect to the Policy Costs, there has been granted and perfected in favor of AGM a security interest (subject only to the priority of payment provisions set forth under the Trust Agreement) in all revenues and collateral pledged as security for the Series 2021 Bonds.

(g) The Trustee will ascertain the necessity for a claim upon the 2021 Reserve Policy in accordance with the provisions of subparagraph (b) above and provide notice to AGM in accordance with the terms of the 2021 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2021 Bonds.

(h) The Authority will pay or reimburse, or cause the City to 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 2021 Reserve Policy; (ii) the administration, enforcement, defense or preservation of any rights in respect of the Trust Agreement or any other document executed in connection with the Series 2021 Bonds (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Authority) relating to the Trust Agreement or any other Related Document, any party to the Trust Agreement 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 Trust Agreement or any other Related Document, if any, or the pursuit of any remedies under the Trust Agreement 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 Trust Agreement, the 2021 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 Trust Agreement or any other Related Document; costs and expenses 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 Trust Agreement or any other Related Document. Amounts payable by the Authority and the City under the Trust Agreement will bear interest at the Late Payment Rate from the date such amount is paid or incurred by AGM until the date that AGM is paid in full.

(i) The obligation of the Authority and the City to pay all amounts due under the 2021 Reserve Policy is an absolute and unconditional obligation of each and will be paid or performed strictly in accordance with this Agreement, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2021 Bonds, the Trust Agreement or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the 2021 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2021 Bonds, the Trust Agreement or any other Related Documents; (iv) whether or not such Series 2021 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 2021 Reserve Policy, the Trust Agreement 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 Authority or the City may have at any time against the Trustee or any other person or entity other than AGM, whether in connection with the Trust Agreement, the transactions contemplated therein, or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the 2021 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 AGM under the 2021 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the 2021 Reserve Policy.

MISCELLANEOUS

Liability of Authority Limited to Revenues. Notwithstanding anything contained in the Trust Agreement, the Authority is not required to advance any money derived from any source other than the Revenues as provided in the Trust Agreement for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds or for the performance of any agreements or covenants therein contained. The Authority may, however, advance funds for any such purpose so long as such funds are derived from a source legally available for such purpose.

The Bonds are limited obligations of the Authority and are payable, as to interest thereon, principal thereof and any premiums upon the redemption of any thereof, solely from the Revenues as provided in the Trust Agreement, and the Authority is not obligated to pay them except from the Revenues. All the Bonds are equally secured by a pledge of and charge and lien upon the Revenues, and the Revenues constitute a trust fund for the security and payment of the interest on and principal of and redemption premiums, if any, on the Bonds as provided in the Trust Agreement. The Bonds are not a debt of the City, the State or any of its political subdivisions, and neither the City, the State nor any of its political subdivisions is liable thereon, nor in any event will the Bonds be payable out of any funds or properties other than those of the Authority as provided in the Trust Agreement. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory limitation or restriction.

Benefits of Trust Agreement Limited to Parties; Bond Insurer as Third Party Beneficiary. Nothing contained in the Trust Agreement, expressed or implied, is intended to give to any person other than the Authority, the Trustee, the Bond Insurer and the Bondholders any right, remedy or claim under or by reason thereof. Any agreement or covenant required therein to be performed by or on behalf of the Authority or any member, officer or employee thereof is for the sole and exclusive benefit of the Authority, the Trustee, the Bond Insurer and the Bondholders. To the extent that the Trust Agreement confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of the Trust Agreement, the Bond Insurer has been explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Successor Is Deemed Included In All References To Predecessor. Whenever in the Trust Agreement either the Authority or any member, officer or employee thereof or of the State is named or referred to, such reference will be deemed to include the successor to the powers, duties and functions with respect to the Facilities that are presently vested in the Authority or such member, officer or employee, and all agreements and covenants required thereby to be performed by or on behalf of the Authority or any member, officer or employee thereof will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Bondholders. Any declaration, request or other instrument which is permitted or required in the Trust Agreement to be executed by Bondholders may be in one or more instruments of similar tenor and may be executed by Bondholders in person or by their attorneys appointed in writing. The fact and date of the execution by any Bondholder or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to make acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request 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 ownership of any Bonds and the amount, maturity, number and date of holding the same may be proved by the registration books relating to the Bonds at the Principal Office of the Trustee.

Any declaration, request, consent or other instrument or writing of the Bondholder of any Bond will bind all future Bondholders of such Bond with respect to anything done or suffered to be done by the Trustee or the Authority in good faith and in accordance therewith.

Waiver of Personal Liability. No member, officer or employee of the Authority or the City is individually or personally liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds by reason of their issuance, but nothing contained in the Trust Agreement relieves any such member, officer or employee from the performance of any official duty provided by the Act or any other applicable provisions of law or thereby.

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

Destruction of Cancelled Bonds. Whenever provision is made for the return to the Authority of any Bonds which have been cancelled pursuant to the provisions of the Trust Agreement, the Authority may, by a Written Request of the Authority, direct the Trustee to destroy such Bonds and furnish to the Authority a certificate of such destruction, at its request.

Content of Certificates. Every Certificate of the Authority with respect to compliance with any agreement, condition, covenant or provision provided in the Trust Agreement will include: (a) a statement that the person or persons making or giving such certificate have read such agreement, condition, covenant or provision and the definitions therein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements contained in such certificate are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such agreement, condition, covenant or provision has been complied with; and (d) a statement as to whether, in the opinion of the signers, such agreement, condition, covenant or provision has been complied with.

Any Certificate of the Authority may be based, insofar as it relates to legal matters, upon an Opinion of Counsel unless the person making or giving such certificate knows that the Opinion of Counsel with respect to the matters upon which his certificate may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous. Any Opinion of Counsel may be based, insofar as it relates to factual matters information with respect to which is in the possession of the Authority, upon a representation by an officer or officers of the Authority unless the counsel executing such Opinion of Counsel knows that the representation with respect to the matters upon which his opinion may be based, as aforesaid, is erroneous, or in the exercise of reasonable care should have known that the same was erroneous.

Publication for Successive Weeks. Any publication required to be made under the Trust Agreement for successive weeks in a Financial Newspaper may be made in each instance upon any Business Day of the first week and need not be made on the same Business Day of any succeeding week or in the same Financial Newspaper for any subsequent publication, but may be made on different Business Days or in different Financial Newspapers, as the case may be.

Accounts and Funds. Any account or fund required in the Trust Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund; but all such records with respect to all such accounts and funds will at all times be maintained in accordance with corporate trust industry standards and with due regard for the protection of the security of the Bonds and the rights of the Bondholders.

Business Day. When any action is provided for in the Trust Agreement to be done on a day named or within a specified time period, and the day or the last day of the period falls on a day which is not a Business Day, such action may be performed on the next ensuing Business Day with the same effect as though performed on the appointed day or within the specified period.

Notices to Rating Agencies. The Trustee will give written notice to the Rating Agencies of the redemption or defeasance of any Bonds, the amendment of the Facilities Sublease or Trust Agreement or any change in the Trustee.

Partial Invalidity. If any one or more of the agreements or covenants or portions of the Trust Agreement required to be performed by or on the part of the Authority or the Trustee are contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof will be null and void and will be deemed separable from the remaining agreements and covenants or portions thereof and will in no way affect the validity thereof or of the Bonds, and the Bondholders will retain all the benefit, protection and security afforded to them under the Act or any other applicable provisions of law. The Authority and the Trustee have declared that they would have executed and delivered the Trust Agreement and each and every other article, section, paragraph, subdivision, sentence, clause

and phrase thereof and would have authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases thereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

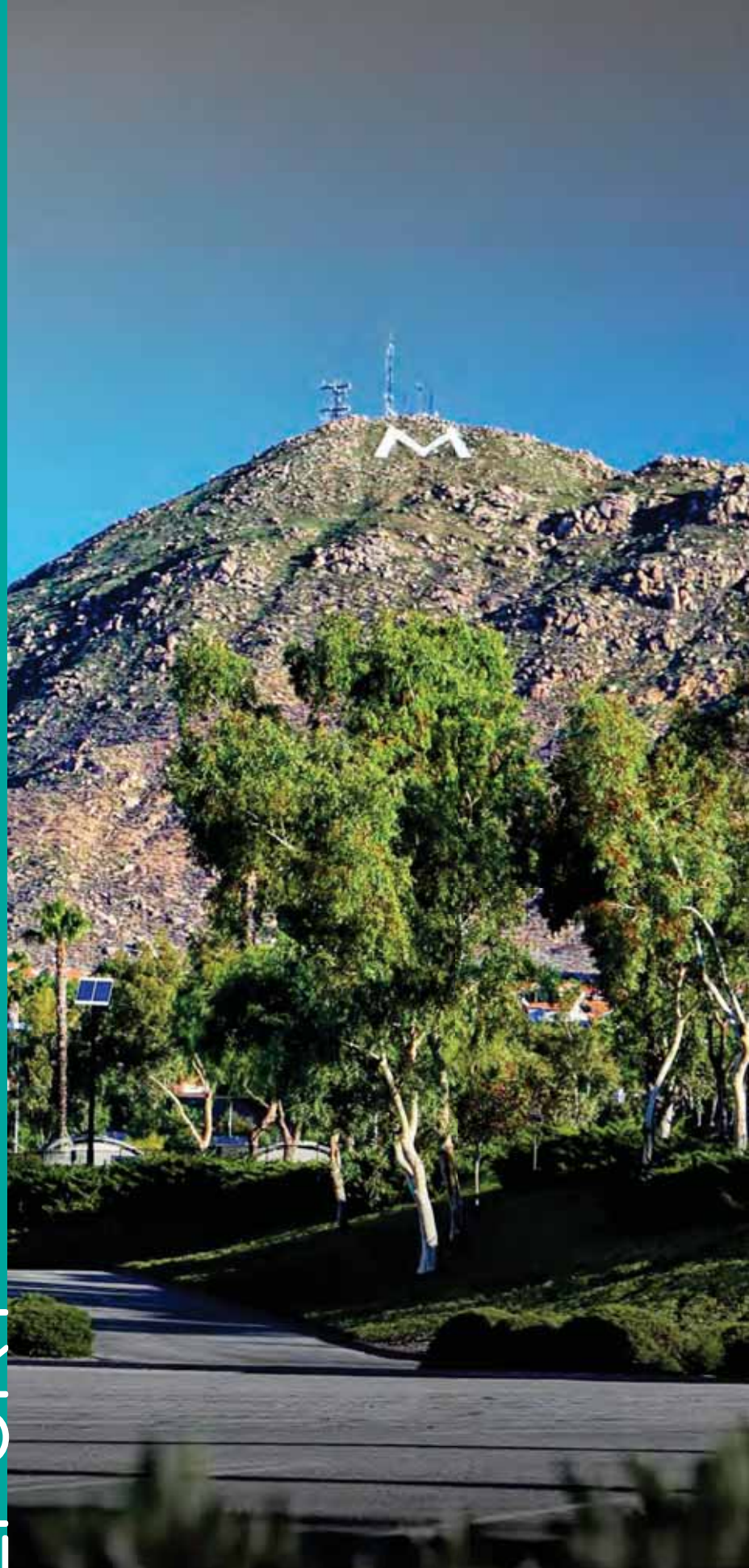
Governing Law. The Trust Agreement will be governed exclusively by the provisions thereof and by the laws of the State as the same from time to time exist.

APPENDIX B
AUDITED FINANCIAL STATEMENTS

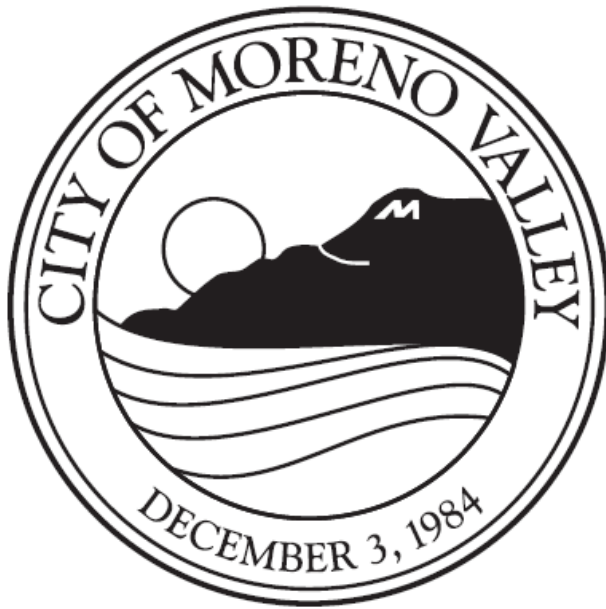
FISCAL YEAR ENDED JUNE 30, 2020



comprehensive annual
financial
REPORT



MORENO VALLEY,
CALIFORNIA



**City of Moreno Valley, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

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Introductory Section



comprehensive annual **FINANCIAL** REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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December 10, 2020

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, 2020.

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 accordance 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 Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2020. An unmodified 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 the 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.

Key Financial Report Sections

The **Introductory Section** includes information about the organizational structure of the City, the City's economy, major initiatives, status of City services, and cash management.

The **Financial Section** includes the MD&A, Basic Financial Statements, Notes to the Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include the government-wide financials and other statements that report on all City financial operations, and also include fund financial statements that present information for all City funds. The independent auditor's report on the Basic Financial Statements is also included.

The **Statistical Section** includes up to ten years of historical financial data and miscellaneous social and economic information that conforms to GASB standards for reporting statistical information. This section may be of special interest to citizens and prospective municipal bond investors.

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 208,838 continues to be the second largest city in Riverside County.

During the 2019/20 fiscal year, the City operated under the council-manager form of government with a directly elected mayor and a four-member elected City Council. There are volunteer Commissions and Boards, as well as several Citizen Advisory Committees to help guide the Council in its decisions. 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 infrastructure, economic development, library, an electric utility which primarily serves the newly developed areas of the City, parks, and a wide range of community recreation and youth 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 Financial Statements.

The annual budget serves as the foundation for the City's financial planning and control. 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 adopts a final budget no later than June 30th. The City's fiscal year is July 1st through June 30th. The City Council is updated on the City's financial condition through the process of quarterly budget reviews, which contain amendments as needed to update revenues and expenditures. The appropriated budget is prepared by fund, department and program, and is controlled at the fund level by the City Council. 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 of this report.

Moreno Valley's economy and long-term outlook

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.

The City continues to be a leader in business development with 4,500 businesses strong, including many Fortune 500 and international companies such as Amazon, Proctor & Gamble, Skechers USA, Karma Automotive and many more. In addition, the City has an array of undeveloped land, development opportunities, entitled development projects, and available lease space at economically feasible prices to continue its growth into the future.

Moreno Valley has experienced yet another year of pronounced economic activity. The City continues to experience increased development activity in new retail, commercial and industrial construction and development. The employment environment in the City of Moreno Valley has expanded dramatically in recent years and over 20,000 jobs have been created in the last six years.

Following employment growth within the City, average household income has increased to \$ 86,641 in 2020 or nearly a 38% growth rate since 2015.

The City continues to look forward to ongoing growth with 2 million of square feet of industrial space under construction in 2020. This is in addition to the previously approved World Logistics Center, which would be the largest industrial park in California with 40.6 million square feet of development over 2,600 acres of land and projected to produce an estimated 20,000 new jobs.

The ongoing growth and development has had other positive impacts to the community with the residential market showing strong growth over the last year with a 5.6% annual increase in average home value to over \$356,000. This has also driven the demand for additional housing and the City now has more than 4,100 single family units approved, entitled or under construction along with more than 2,300 multifamily units approved, entitled or under construction.

In March 2020, the County of Riverside issued a "Safer at Home" order to address the growing spread of the Coronavirus Disease 2019 (COVID-19) virus. This order applied to everyone in non-essential job classifications. It was anticipated that as a result of this order many of the local revenue streams would be negatively impacted. As a proactive measure the City staff prepared a series of cost cutting measures to be prepared for the impact of potential declines in local taxes such as sales tax and transient occupancy tax and the overall effect that the pandemic could have on the local economy. These cost-reducing measures included postponing or cancelling some costs related to non-essential tasks in addition to reduction in personnel costs through the implementation of a furlough program. The overall impact of the pandemic during FY 2019-20 has been minimal but as many business reductions and closures may have occurred following the end of the fiscal year and as the pandemic stretches into the next fiscal year the overall impact on the economy at the local, state and national level has yet to be determined.

Long-term financial planning: In May 2019, the City Council approved a two year Operating Budget for fiscal years 2019/2020 and 2020/2021 that was not only 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 meetings and continued development of Long Range Business Projections the City continues to be responsive to any financial changes and remains focused on the long term impacts of any financial decisions. In June 2019, the City Council approved a two-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.

The City of Moreno Valley continues to prepare for the future, enhancing a comprehensive financial reserve policy to direct the City's reserves for specific purposes. This policy will help maintain the City's financial stability, protect against future economic downturns which bring unpredictable shortfalls in tax revenue,

better prepare the City, its residents and its businesses for a catastrophic natural disaster. Moreno Valley's financial reserves policy formalizes the City's long-standing best practice of maintaining reserves, and splits the reserve funds into three categories: Cash Flow, Rainy Day, and Emergency reserves. Maintaining a Cash Flow reserve in unassigned fund balance with a minimum of 17% of the City's general fund expenses will allow the City to provide day-to-day services through normal revenue cycles. Assigning a minimum of 10% of the City's general fund to a Rainy Day (Economic uncertainty) reserve will ensure that the City has the flexibility to continue to deliver quality services during future economic downturns. A minimum of 12% of the City's general fund will be committed to an Emergency (Operating) reserve which can be used in response to a catastrophic earthquake, flood, fire or other disaster. The fund will also provide a financial buffer in the event that the City is forced to wait for receipt of federal disaster relief funds.

While Moreno Valley's fiscal position currently remains stable, the City is keeping a watchful eye on areas of concern such as the impacts from the COVID-19 pandemic, potential for slower economic growth and increased costs for public safety services provided by Riverside County. As the City continues to add residents, infrastructure and service needs will also grow as new facilities and roadways are constructed to meet community needs. Through financial management, the City will continue to focus on financial stability and community quality of life, despite state and federal policies that potentially affect the funding Moreno Valley and other California cities receive.

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, 2019. This was the twenty second 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 its fifth consecutive award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended June 30, 2019. 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 Operations, Financial Resources 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, Rogers, Anderson, Malody & Scott, LLP, for their assistance in preparing this important financial document.

Respectfully submitted,



Marshall Eyerman
Assistant City Manager / Chief Financial Officer / City Treasurer

CITY OF MORENO VALLEY, CALIFORNIA

MUNICIPAL OFFICIALS

June 30, 2020

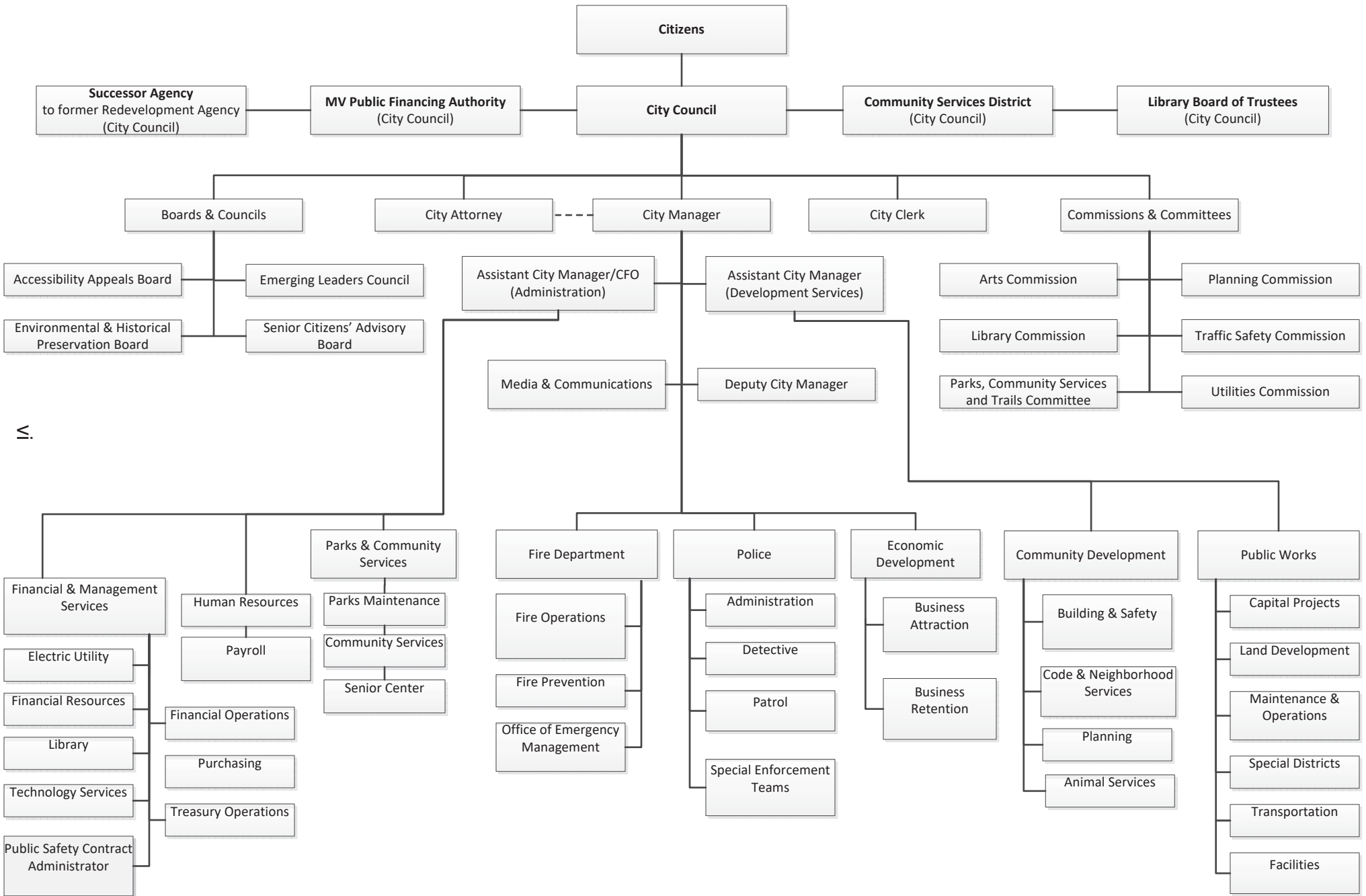
CITY COUNCIL

Dr. Yxstian Gutierrez, Mayor
Victoria Baca, Mayor Pro Tem
Dr. Carla J. Thornton, Councilmember
David Marquez, Councilmember
Ulises Cabrera, Councilmember

EXECUTIVE OFFICERS

Mike Lee, City Manager
Marshall Eyerman, Assistant City Manager/Chief Financial Officer/City Treasurer
Michael L. Wolfe, Interim Assistant City Manager/Public Works Director/City Engineer
Pat Jacquez-Nares, City Clerk
Steve Quintanilla, Interim City Attorney
Manuel A. Mancha, Community Development Director
Abdul Ahmad, Fire Chief
Patti Solano, Parks & Community Services Director
John Salisbury, Police Chief

City of Moreno Valley Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Moreno Valley
California**

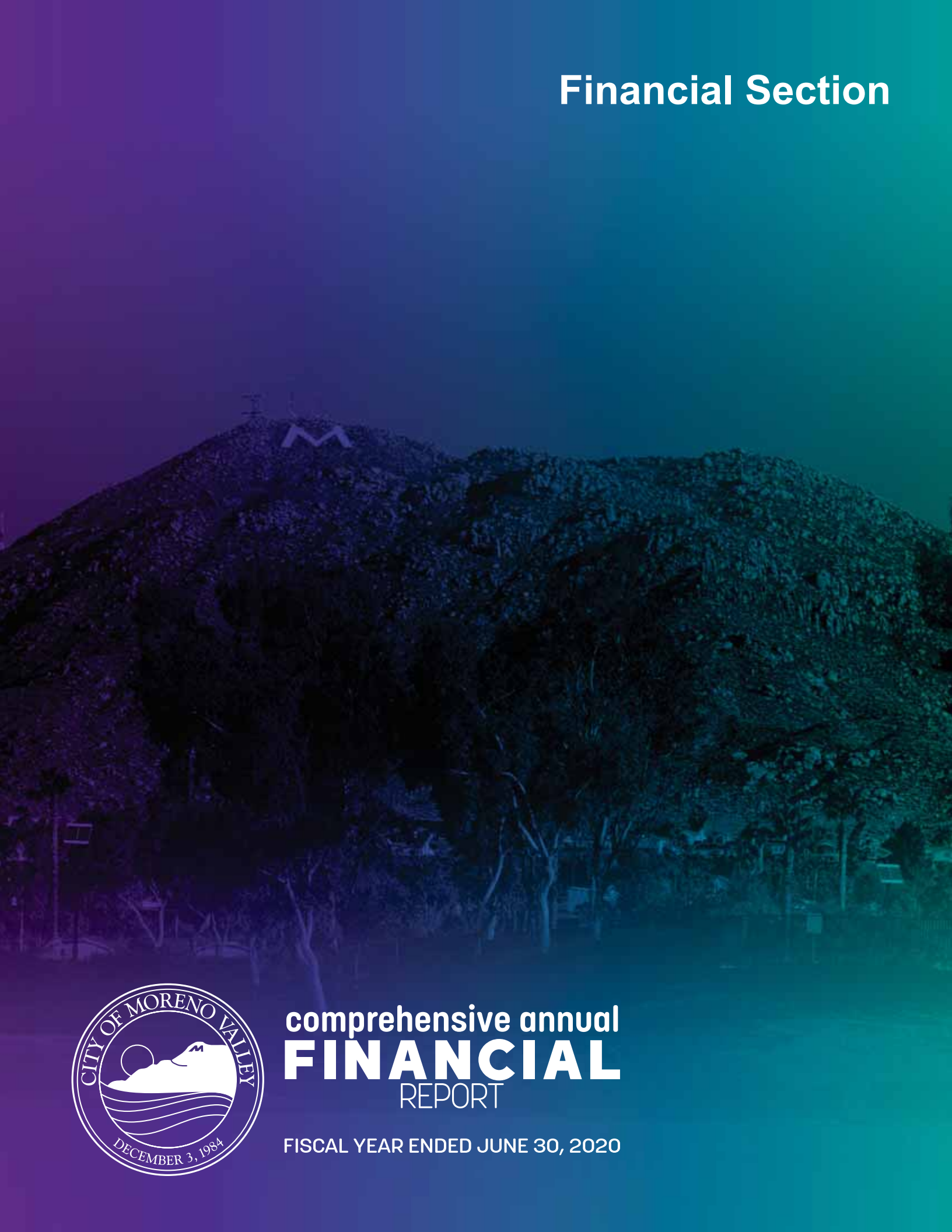
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

Financial Section



comprehensive annual **FINANCIAL** REPORT

FISCAL YEAR ENDED JUNE 30, 2020



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscca.net

Independent Auditor's Report

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

PARTNERS

Brenda L. Ordle, CPA, MST
Terry P. Shea, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST

MANAGERS / STAFF

Charles De Simoni, CPA
Gardenya Duran, CPA
Brianna Schultz, CPA
Jingjie Wu, CPA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
Tara R. Thorp, CPA, MSA
Laura Arvizu, CPA
Louis Fernandez, CPA
Abigail Hernandez Conde, CPA, MSA
Zoe Xinlu Zhang, CPA, MSA
John Maldonado, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

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for CPA Firms*

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Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



Report on the 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, 2020, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moreno Valley, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Neighborhood Stabilization Grant Special Revenue Fund, Development Impact Fees Special Revenue Fund, CSD Zones Special Revenue Fund, and Housing Authority Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, 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.

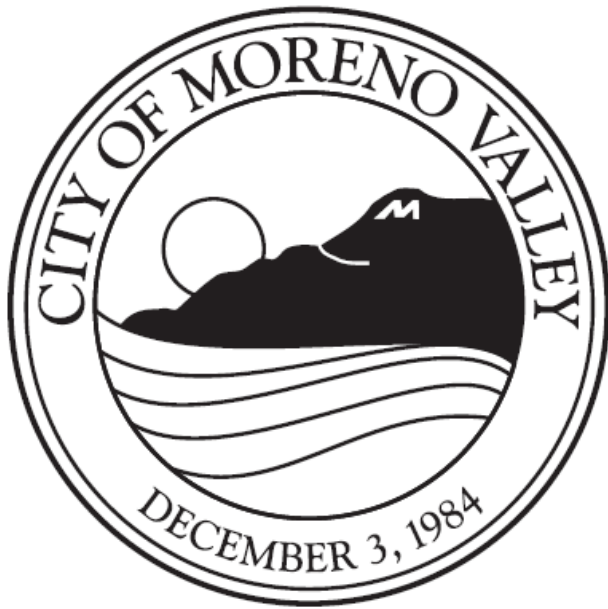
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
December 10, 2020



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, 2020. 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 \$1.06 billion (net position) at June 30, 2020.
- In the Government-wide - Statement of Net Position: The City's total net position decreased \$1.8 million for fiscal year 2019-2020 mainly due to the decrease in capital assets.
- In the Governmental Fund – Balance Sheet: The General Fund had an end of year fund balance of \$70.5 million. Unassigned fund balance increased \$3.5 million to \$25.6 million primarily due to unrealized gains. Additionally, fund balance for reserves remained unchanged as the City maintains adequate reserve levels in compliance with City Council adopted policy.
- For business-type activities: Revenues exceeded expenses by \$7.9 million increasing unrestricted net position to \$21.3 million. Future infrastructure projects are anticipated to meet the demands for the City's electric service customer base.

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



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 of resources. 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, the Moreno Valley Public Facilities Financing Corporation and the Moreno Valley Housing Authority 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 Neighborhood Stabilization Grant, the Development Impact Fees, the Community Services District (CSD) Zones, and the Housing Authority Special Revenue Funds. 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, fleet operations, 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 fund financial statements.

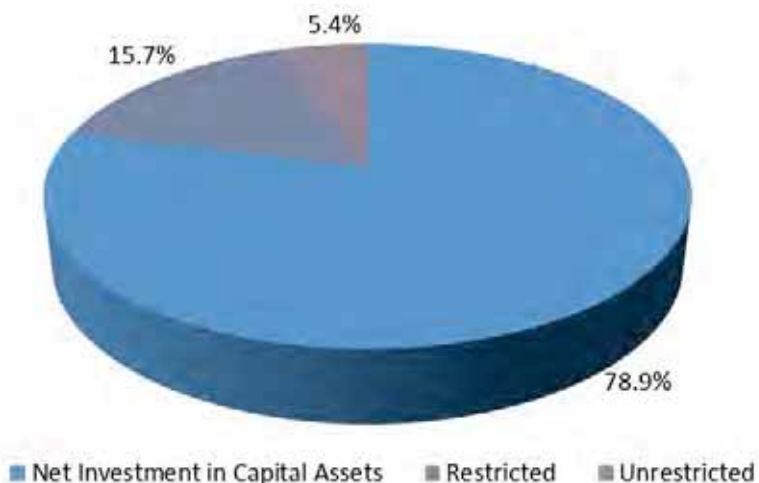
Financial Analysis of the Government-wide Statements

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, 2020. Comparative data from fiscal year ended June 30, 2019 is also represented in the table.

Analysis of Net Position

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, 2020 was \$1.06 billion.

City of Moreno Valley's Net Position



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

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 288,255	\$ 297,292	\$ 37,150	\$ 36,363	\$ 325,405	\$ 333,655
Capital assets	872,422	854,741	68,629	74,677	941,051	929,418
Total Assets	<u>1,160,677</u>	<u>1,152,033</u>	<u>105,779</u>	<u>111,040</u>	<u>1,266,456</u>	<u>1,263,073</u>
Deferred outflows of resources	10,591	12,500	5,542	5,440	16,133	17,940
Current liabilities	30,845	29,994	7,529	6,167	38,374	36,161
Long-term liabilities	123,046	127,598	59,585	58,196	182,631	185,794
Total Liabilities	<u>153,891</u>	<u>157,592</u>	<u>67,114</u>	<u>64,363</u>	<u>221,005</u>	<u>221,955</u>
Deferred inflows of resources	3,354	2,662	59	34	3,413	2,696
Net investment in capital assets	823,200	807,821	25,289	25,754	848,489	833,575
Restricted	160,307	160,920	6,126	5,049	166,433	165,969
Unrestricted	30,516	35,538	12,733	21,280	43,249	56,818
Total Net Position	<u>\$ 1,014,023</u>	<u>\$ 1,004,279</u>	<u>\$ 44,148</u>	<u>\$ 52,083</u>	<u>\$ 1,058,171</u>	<u>\$ 1,056,362</u>

Total net position of the City of Moreno Valley remained relatively unchanged from June 30, 2019 at \$1.06 billion at June 30, 2020. The City's unrestricted fund balance increased \$13.6 million to \$56.8 million. Total assets decreased \$3.4 million and total liabilities increased by \$1.0 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes:

Governmental Activities

Total assets decreased by \$8.6 million primarily due to a decrease in capital assets of \$17.7 million, offset by an increase of \$9.0 million in current and other assets.

The current year capital asset additions of \$33.9 million were offset by current year depreciation expenses of \$35.0 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of \$16.6 million for a net decrease of \$17.7 million.

Current liabilities decreased by \$0.8 million primarily due to a decrease in accounts payable. Total liabilities increased \$3.7 million due to the increase in net pension and OPEB liability at June 30, 2020. See Note 8 and Note 9 of Notes to the Financial Statements for more information.

Net investment in capital assets decreased \$15.4 million as a direct result of depreciation expense as assets deplete during the useful life cycle.

Restricted net position increased slightly as funds are committed and programmed mostly in the areas of community development, public works and infrastructure.

Business-type Activities

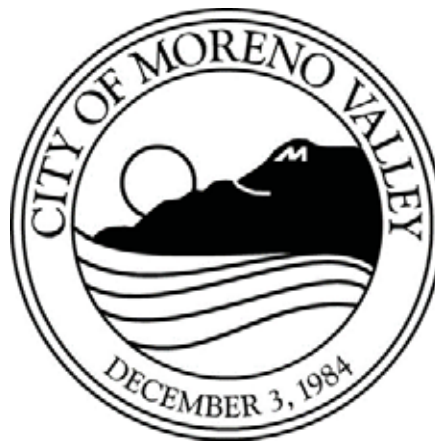
Current and other assets of business-type activities decreased by \$0.8 over last year. This was primarily due to the spend-down of bond proceeds for infrastructure projects under construction as of June 30, 2020 totaling \$6.8 million.

Capital assets had a net increase of \$6.0 million during the fiscal year. Capital asset additions included investment in additional electric utility infrastructure. More capital asset information is located in Note 5 to the financial statements.

Total liabilities decreased by \$2.8 million primarily due to reduction in long term debt at June 30, 2020. More long term debt information is located in Note 6 to the financial statements.

Net investment in capital assets increased \$0.5 million as a direct result of the addition of the capital assets mentioned above.

Unrestricted net position increased by \$8.5 million during the year primarily due to future infrastructure projects planned for construction in the following year.



Analysis of the Changes in Net Position

Total government-wide revenues decreased by \$2.9 million, a 1.4% decrease from the prior year, while total expenses increased \$13.7 million, a 6.7% increase from the prior year.

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, 2020. Comparative data from fiscal year ended June 30, 2019 is also presented.

Changes in Net Position (\$000's)

	Governmental Activities		Business-type Activities		Totals	
	2019	2020	2019	2020	2019	2020
Revenues						
Program Revenues:						
Charges for services	\$ 36,487	\$ 27,396	\$ 31,074	\$ 35,899	\$ 67,561	\$ 63,295
Operating contributions and grants	23,933	28,135	-	-	23,933	28,135
Capital contributions and grants	15,438	6,934	2,496	1,704	17,934	8,638
General Revenues:						
Property tax	40,518	44,285	-	-	40,518	44,285
Transient occupancy tax	2,433	2,731	-	-	2,433	2,731
Sales tax	21,209	20,498	-	-	21,209	20,498
Franchise taxes	5,969	6,150	-	-	5,969	6,150
Business license tax	2,451	2,461	-	-	2,451	2,461
Utility users tax	15,484	15,500	-	-	15,484	15,500
Franchise in lieu of taxes	617	645	-	-	617	645
Documentary transfer tax	833	935	-	-	833	935
Other taxes	6,892	6,988	-	-	6,892	6,988
Use of money and property	9,725	12,006	504	811	10,229	12,817
Miscellaneous	999	1,091	232	183	1,231	1,274
Total Revenues	<u>182,988</u>	<u>175,755</u>	<u>34,306</u>	<u>38,597</u>	<u>217,294</u>	<u>214,352</u>
Expenses:						
General government	17,692	21,724	-	-	17,692	21,724
Public safety	62,283	65,850	-	-	62,283	65,850
Community and economic development	17,644	15,367	-	-	17,644	15,367
Community and cultural	23,653	25,137	-	-	23,653	25,137
Public works	50,392	55,563	-	-	50,392	55,563
Interest and fiscal charges	2,106	2,006	-	-	2,106	2,006
Electric	-	-	28,741	30,515	28,741	30,515
Total Expenses	<u>173,770</u>	<u>185,647</u>	<u>28,741</u>	<u>30,515</u>	<u>202,511</u>	<u>216,162</u>
Excess before transfers	9,218	(9,892)	5,565	8,082	14,783	(1,810)
Transfers	5	147	(5)	(147)	-	-
Change in Net Position	9,223	(9,745)	5,560	7,935	14,783	(1,810)
Net Position Beginning of Year	1,004,800	1,014,023	38,588	44,148	1,043,388	1,058,171
Net Position End of Year	<u>\$ 1,014,023</u>	<u>\$ 1,004,278</u>	<u>\$ 44,148</u>	<u>\$ 52,083</u>	<u>\$ 1,058,171</u>	<u>\$ 1,056,361</u>

Governmental Activities

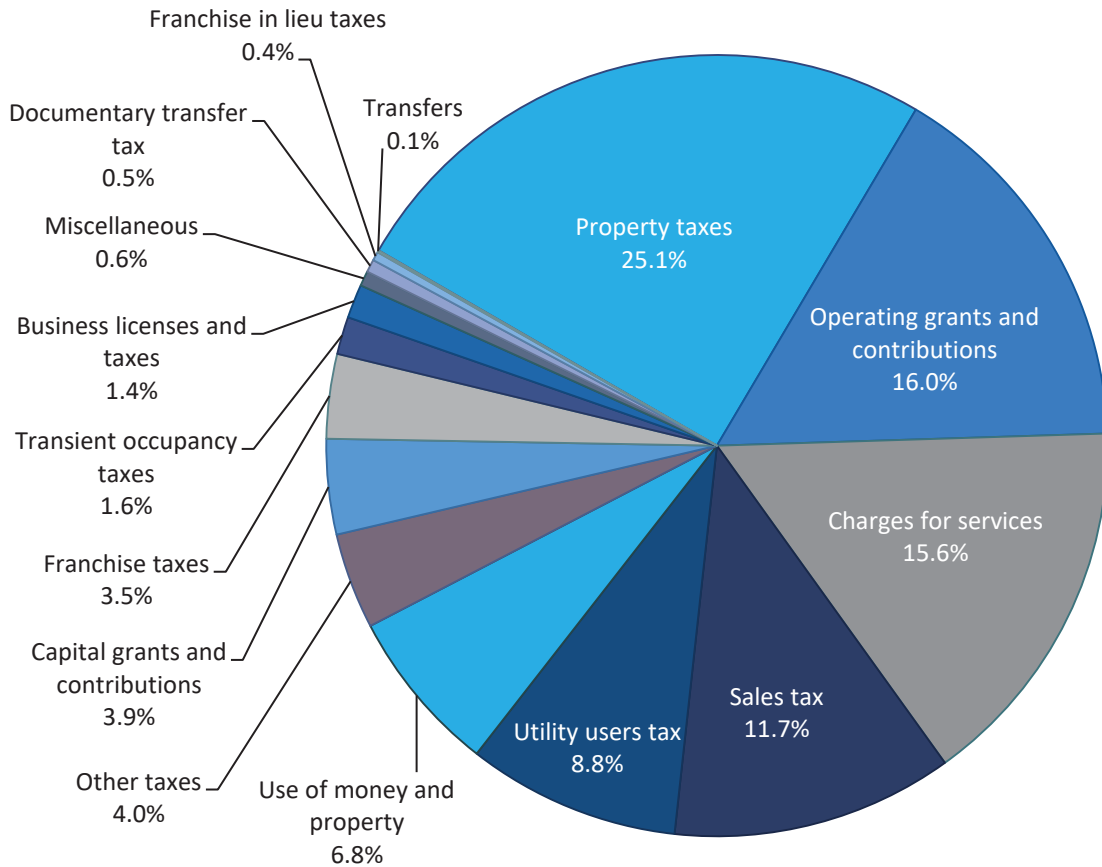
The City's governmental revenues decreased \$7.2 million, a 3.9% decrease from the prior year, and total expenses increased \$11.9 million, a 7.0% increase. The following discusses the changes in more detail.

Revenue

Program revenues decreased \$13.4 million primarily as a result of the decrease in charges for services of \$9.1 million and decreased capital grants and contributions of \$8.5 million, which were offset by increased operating grants and contributions of \$4.2 million.

General revenues increased \$6.1 million primarily due to an increase in property taxes of \$3.7 million and an increase in use of money and property of \$2.3 million.

**Revenues by Source – Governmental Activities
For the year ended June 30, 2020**



Expense

Total governmental expenses increased by \$11.9 million. This increase is primarily due to increased public works expenses of \$5.2 million, increased general government expenses of \$4.0 million, and increased public safety expenses of \$3.6 million.

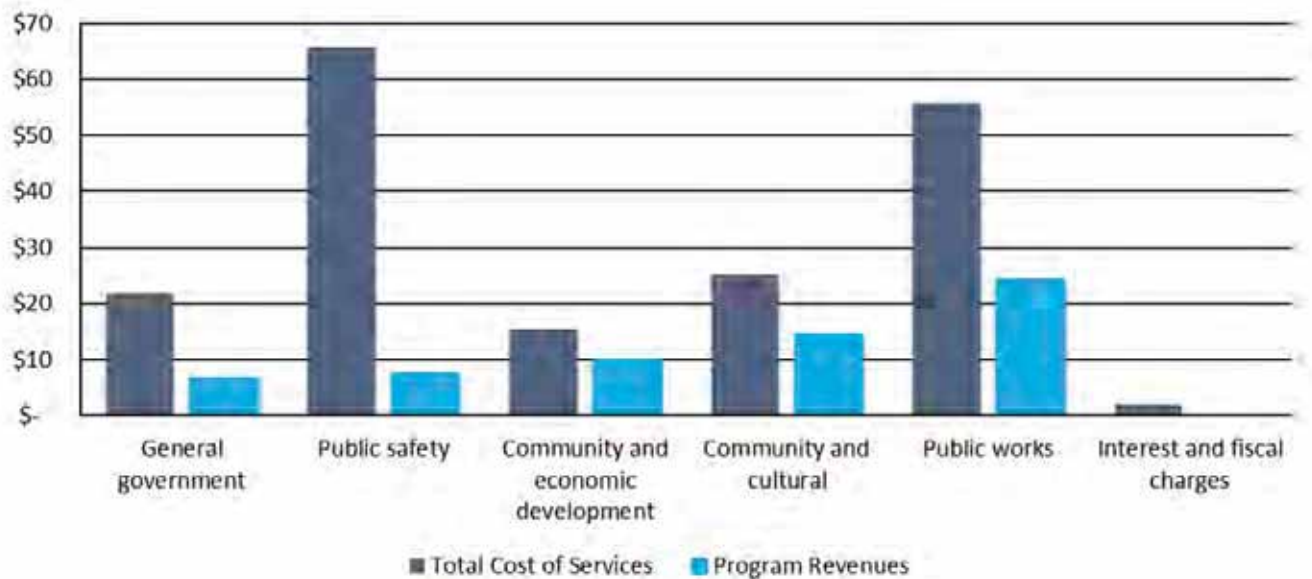
The following table presents the cost of each of the six major program categories, and identifies each program’s *net cost* (total cost less revenues generated by the activities). The net cost is the amount paid for by general revenue sources that are generated by all City taxpayers. As illustrated, program revenues recovered \$62.5 million of the cost of providing these services.

**Governmental Activities - Net Cost of Services
For the year ended June 30, 2020**

	Total Cost of Services	Net Cost of Services
General government	\$ 21,724,336	\$ (15,207,245)
Public safety	65,849,855	(58,448,073)
Community and economic development	15,366,811	(5,573,506)
Community and cultural	25,136,772	(10,668,096)
Public works	55,562,894	(31,279,388)
Interest and fiscal charges	2,006,183	(2,006,183)
TOTAL	\$ 185,646,851	\$ (123,182,491)

The City paid for the remaining public benefit portion of these governmental activities with \$113.4 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, 2020
(in millions)**



Business-type Activities

The City's business-type activities include the activities of the Electric Utility. Total revenues for business-type activities increased \$4.3 million from the prior year or 12.5%. Total expenses increased \$1.7 million or 6.2%. The following discusses the changes in more detail.

Revenue

Total revenues increased \$4.3 million from prior year primarily due to increase in charges for services.

Expenses

Expenses in the Electric Utility increased \$1.7 million. This increase was primarily due to increases in services and supplies and expenses associated with providing services to a growing customer base.

Financial Analysis of the Fund Statements

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 \$204.3 million, with the General Fund representing \$70.5 million, or 34.5% of the total. The City's General Fund has unassigned fund balance of \$25.6 million.

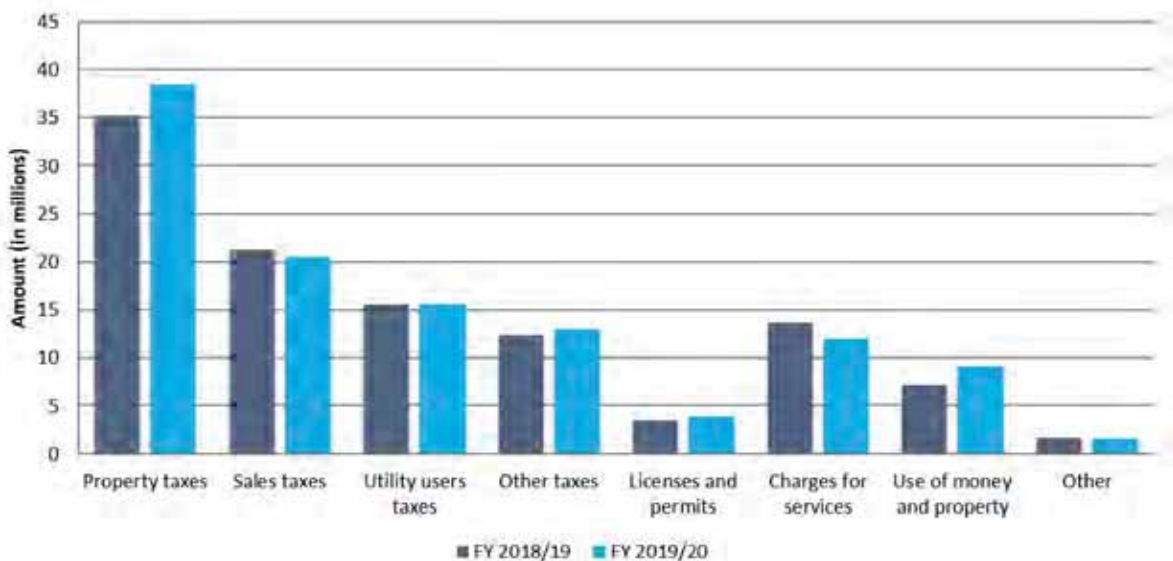
General Fund Financial Results

The General Fund was anticipated to have a net decrease in fund balance of \$4.3 million. Actual results increased the total fund balance by \$4.7 million, \$9.0 million more than anticipated. Actual results realized an expenditure reduction of \$2.9 million primarily related to capital outlay purchases delayed to next year and current expenditure savings. The operating reserve remained at \$13.4 million and the economic uncertainty remained at \$11.2 million. These reserves are maintained at adequate levels per the City Council adopted policy to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, major emergencies, or a catastrophic event.

General Fund tax revenues were \$6.8 million more and fees for services were \$0.1 million more than anticipated. Additionally, use of money and property was \$4.0 million more than anticipated primarily due to the GASB 31 fair value adjustment of our investments; however, a decrease in licenses and permits of \$1.4 million and a decrease of \$3.6 million for transfers largely offset those gains.

The following graph presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2019 and 2020.

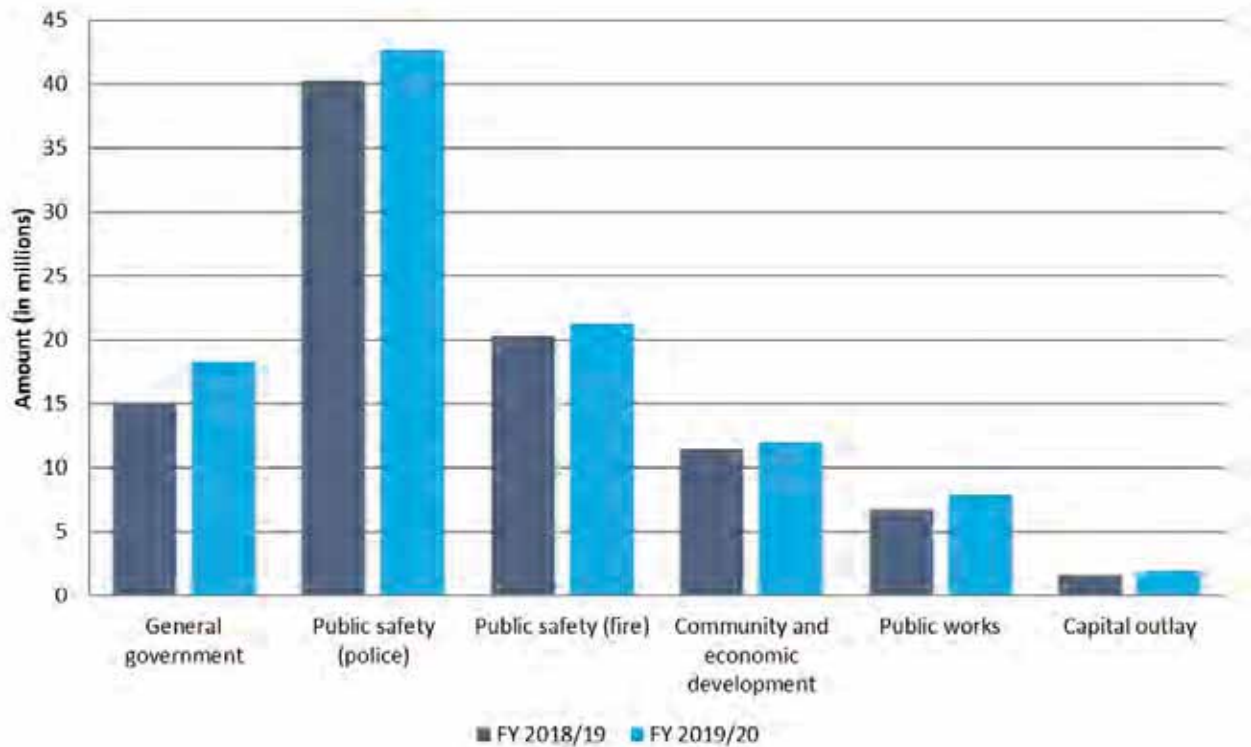
**General Fund – Revenues (Two Year Comparison)
For FY's 18/19 & 19/20**



General Fund actual expenditures were \$2.5 million less than the final budget. The major contributor to this result was in large part due to \$1.3 million of current expenditure savings in combination with the unanticipated delay of capital outlay of \$2.9 million related to projects running multiple years.

The following graph presents a comparison of each General Fund expenditure category for the fiscal years ended June 30, 2019 and 2020.

**General Fund – Expenditures (Two Year Comparison)
For FY's 18/19 & 19/20**



Other Major Fund Financial Results

The fund balance of the Neighborhood Stabilization Grant Special Revenue Fund remained stable with only a slight increase. This fund accounts for the grant allocation received by the City from the U.S. Department of Housing and Urban Development to address the affordable housing needs of our community.

The fund balance of the Development Impact Fees Special Revenue Fund increased by \$2.0 million over FY 2018-19. 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 actual fund balance of the Community Service District Zones Special Revenue Fund increased \$1.6 million over FY 2018-19 compared to the \$2.0 million decrease anticipated. 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 expenditures coming in under budget by \$3.3 million along with \$0.5 million of additional property tax revenues.

The fund balance of the Housing Authority Fund decreased \$0.1 million over FY 2018-19. This fund accounts for the housing assets as a result of the dissolution of the redevelopment agency of the City. In FY 2019-20 the fund balance decreased primarily due to transfers to other funds.

Capital Asset and Debt Administration

Capital Assets

At the end of FY 2019-20, the City’s governmental activities had \$1.4 billion (\$854.7 million net of accumulated 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 \$33.9 million were offset by current year depreciation expense of \$35.0 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of \$16.6 million for a net decrease of \$17.7 million. This decrease is primarily attributed to the retirement of machinery, equipment, and vehicles along with the recognition of depreciation expense.

At June 30, 2020, the City’s business-type activities had \$88.7 million (\$74.7 million net of accumulated depreciation) invested in capital assets, primarily utility infrastructure. The current year capital asset additions of \$21.2 million were offset by current depreciation expense of \$2.1 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of \$13.1 million for a net increase of \$6.0 million. This increase was primarily the result of the completion of the construction of two crosstown ties, the purchase of over 9,400 streetlights and the retrofit of over 11,000 streetlights with LED fixtures.

City of Moreno Valley Capital Assets (\$000’s)

	Governmental Activities		Business-type Activities		Total Primary Government		Total % Change
	2019	2020	2019	2020	2019	2020	
Land	\$ 305,081	\$ 306,516	\$ 1,729	\$ 1,729	\$ 306,810	\$ 308,245	0.5%
Buildings and Improvements	149,250	149,594	-	-	149,250	149,594	0.2%
Furniture and Equipment	19,221	22,965	1,105	1,105	20,326	24,070	18.4%
Vehicles	11,338	10,671	-	-	11,338	10,671	-5.9%
Construction in progress	16,833	21,487	10,935	4,207	27,768	25,694	-7.5%
Infrastructure	896,131	898,355	66,732	81,623	962,863	979,978	1.8%
	1,397,854	1,409,588	80,501	88,664	1,478,355	1,498,252	1.3%
Accumulated Depreciation	(525,432)	(554,846)	(11,872)	(13,987)	(537,304)	(568,833)	5.9%
Net Capital Assets	<u>\$ 872,422</u>	<u>\$ 854,742</u>	<u>\$ 68,629</u>	<u>\$ 74,677</u>	<u>\$ 941,051</u>	<u>\$ 929,419</u>	-1.2%

Some of the major capital projects from the Capital Improvement Plan that were completed during the current fiscal year were:

- Citywide Pavement Rehabilitation Program for Various Streets – FY 18/19
- Alessandro Blvd and Grant Street Traffic Signal
- ADA Improvements at City Facilities
- Citywide Pavement Rehabilitation Program for Various Streets – FY 19/20
- Intelligent Transportation System (ITS) Deployment Phase 1B
- Liberty Lane Improvements

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:

- Pedestrian Hybrid Beacon on Cactus at Woodland Park
- Moreno Valley Ranch ITS
- Pigeon Pass Road ITS
- Civic Center Amphitheater and Park
- Citywide Pavement Rehabilitation Program – FY 19/20 - Arterial
- Advanced Dilemma Zone Detection at Certain Intersections

Other major projects that are in the Design, Environmental and Right of Way Acquisition Phases are:

- State Route 60/World Logistics Center Parkway Interchange
- State Route 60/Moreno Beach Drive Interchange – Phase 2
- Kitching Street Storm Drain
- Juan Bautista De Anza Multi-Use Trail
- Indian Street/Cardinal Avenue Bridge
- Sunnymead – Flaming Arrow Drive Storm Drain

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

Long-term Liabilities

At year-end, the City’s governmental activities had \$134.7 million in bonds, certificates of participation, compensated absences, pension and OPEB liability and self-insurance claims and judgments.

Outstanding Liabilities at Year End For the Year Ended June 30, 2020

	Governmental Activities	Business-type Activities
Direct Placements		
Private placement	\$ 954,000	\$ -
Capital leases	-	8,089,757
Other Debt		
Lease revenue bonds	28,184,628	49,308,523
Certificates of participation	17,782,439	-
Compensated absences	6,578,250	345,427
Net pension and OPEB liability	78,780,226	2,291,058
Self-insurance claims and judgments	2,447,000	-
	<u>\$ 134,726,543</u>	<u>\$ 60,034,765</u>

Additional information on the City’s long-term debt can be found in Note 6, Note 8, Note 9 and Note 11 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, 2020, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2019-20 and future years.

The Moreno Valley's local economy has continued to demonstrate steady improvements as our tax revenues continue to experience moderate growth. Moreno Valley is still experiencing population growth with a population estimate of 208,838 and remains the second largest city in Riverside County and is presently the fourth largest city in the Inland Region. 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 2019-20 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.

In line with the region's growth, Moreno Valley continues to experience employment growth as more than 20,000 new jobs have been created in the past six years. The health of our local economy has been driven by Moreno Valley's commitment to ensuring our Citizens have a growing and fiscally responsible local government.

The City's Economic Development Department has been committed to aggressively marketing Moreno Valley as the region's preeminent choice for businesses interested in locating in the Inland Empire. Ideally situated in Southern California, Moreno Valley continues to be a leading location for the logistics industry with an array of developable parcels, available facilities and projects entitled by the nation's most recognized development and investment firms.

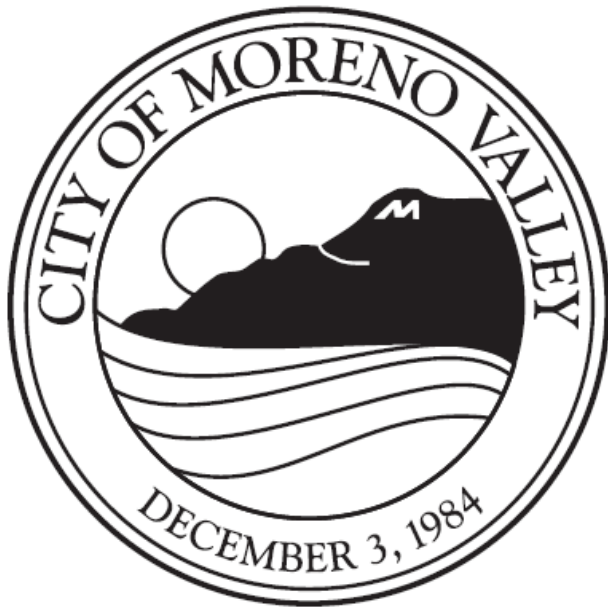
During FY 2019-20 the City's credit rating of A positive was affirmed with a positive outlook by Standard & Poor's. A key factor in achieving and maintaining the strong rating is the action of City Council and the City Manager to balance the City's General Fund budget. The City's ongoing commitment to 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 balanced financials and as revenues continue to steadily grow, we look forward to strategizing and planning our continued economic recovery.

The local responses to the Coronavirus Disease 2019 (COVID-19) pandemic implemented by both the state and county have been a shock to the local economy. In response to the "Safer at Home" executive order issued by the governor, City staff took a proactive approach to address potential revenue impacts. During the last quarter of the fiscal year City staff prepared a series of cost cutting measures to be prepared for the impact of potential declines in local taxes such as sales tax and transient occupancy tax and the overall effect that the pandemic could have on the local economy due to the broad measures, most notably the impact on jobs. These cost-reducing measures included postponing or cancelling some costs related to non-essential tasks in addition to a reduction in personnel costs through the implementation of a furlough program. The overall impact of the pandemic during FY 2019-20 has been minimal, but as many business reductions and closures may have occurred following the end of the fiscal year and as the pandemic stretches into the next fiscal year the overall impact on the economy at the local, state and national level has yet to be determined.

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.





City of Moreno Valley, California

Statement of Net Position
June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Pooled cash and investments (note 3)	\$ 210,436,295	\$ 22,611,400	\$ 233,047,695
Receivables:			
Accounts	2,588,085	4,610,193	7,198,278
Notes and loans (note 4)	45,712,181	-	45,712,181
Note to Successor Agency (note 4)	11,753,341	-	11,753,341
Interest	4,113,261	-	4,113,261
Other	7,336	-	7,336
Prepaid costs	434,853	38,921	473,774
Due from other governments	14,558,916	-	14,558,916
Inventories	28,041	410,515	438,556
Land held for resale	7,656,396	-	7,656,396
Restricted assets:			
Cash with fiscal agents (note 3)	2,918	8,691,669	8,694,587
Total Current Assets	297,291,623	36,362,698	333,654,321
Noncurrent Assets:			
Capital assets - not being depreciated (note 5)	328,002,888	5,935,901	333,938,789
Capital assets - net of accumulated depreciation (note 5)	526,738,725	68,741,147	595,479,872
Total Noncurrent Assets	854,741,613	74,677,048	929,418,661
Total Assets	1,152,033,236	111,039,746	1,263,072,982
Deferred Outflows of Resources			
Deferred outflows related to pensions (note 8)	9,885,013	382,747	10,267,760
Deferred outflows related to OPEB (note 9)	2,614,840	88,184	2,703,024
Deferred outflows - Utility Network	-	4,969,364	4,969,364
Total Deferred Outflows of Resources	12,499,853	5,440,295	17,940,148
LIABILITIES			
Current Liabilities:			
Accounts payable	13,801,980	2,423,904	16,225,884
Accrued liabilities	3,248,572	-	3,248,572
Accrued interest	282,797	377,887	660,684
Unearned revenue	763,580	18,674	782,254
Deposits payable	-	1,507,886	1,507,886
Due to other governments	4,768,619	-	4,768,619
Compensated absences payable (note 6)	3,946,949	207,256	4,154,205
Claims and judgments payable (note 11)	780,000	-	780,000
Long term debt - net of unamortized premium (note 6)	2,401,248	1,631,947	4,033,195
Total Current Liabilities	29,993,745	6,167,554	36,161,299
Noncurrent Liabilities:			
Compensated absences payable (note 6)	2,631,301	138,171	2,769,472
Claims and judgments payable (note 11)	1,667,000	-	1,667,000
Long term debt - net of unamortized premium (note 6)	44,519,819	55,766,333	100,286,152
Net pension liability (note 8)	70,891,891	2,004,382	72,896,273
Net OPEB liability (note 9)	7,888,335	286,676	8,175,011
Total Noncurrent Liabilities	127,598,346	58,195,562	185,793,908
Total Liabilities	157,592,091	64,363,116	221,955,207
Deferred Inflows of Resources			
Deferred inflows related to pensions (note 8)	1,869,820	4,326	1,874,146
Deferred inflows related to OPEB (note 9)	792,536	29,511	822,047
Total Deferred Inflows of Resources	2,662,356	33,837	2,696,193
Net Position			
Net investment in capital assets	807,820,542	25,754,111	833,574,653
Restricted for:			
Expendable:			
Community development projects	71,043,104	-	71,043,104
Public safety	618,793	-	618,793
Community and cultural	21,850,049	-	21,850,049
Public works	34,315,413	-	34,315,413
Capital projects	25,314,611	-	25,314,611
Debt service	6,021,207	-	6,021,207
Permanent fund	57,656	-	57,656
Water quality	1,411,128	-	1,411,128
Public purpose programs	-	5,048,552	5,048,552
Nonexpendable	288,098	-	288,098
Unrestricted	35,538,041	21,280,425	56,818,466
Total Net Position	\$ 1,004,278,642	\$ 52,083,088	\$ 1,056,361,730

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 21,724,336	\$ 6,168,776	\$ 348,315	\$ -
Public safety	65,849,855	2,527,911	4,873,871	-
Community and economic development	15,366,811	9,015,897	777,408	-
Community and cultural	25,136,772	5,176,845	9,291,831	-
Public works	55,562,894	4,506,187	12,843,565	6,933,754
Interest and fiscal charges	2,006,183	-	-	-
Total Governmental Activities	185,646,851	27,395,616	28,134,990	6,933,754
Business-Type Activities:				
Electric	30,514,567	35,899,025	-	1,704,623
Total Business-Type Activities	30,514,567	35,899,025	-	1,704,623
Total Primary Government	\$ 216,161,418	\$ 63,294,641	\$ 28,134,990	\$ 8,638,377

General Revenues:

Taxes:

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

Transfers

Total General Revenues and

Change in Net Position

Net Position - Beginning of Year

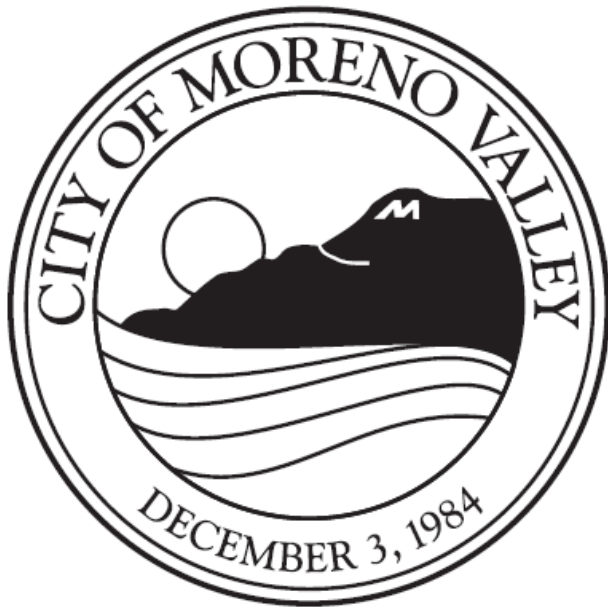
Net Position - End of Year

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Functions/Programs
			Primary government:
			Governmental Activities:
\$ (15,207,245)	\$ -	\$ (15,207,245)	General government
(58,448,073)	-	(58,448,073)	Public safety
(5,573,506)	-	(5,573,506)	Community and economic development
(10,668,096)	-	(10,668,096)	Community and cultural
(31,279,388)	-	(31,279,388)	Public works
(2,006,183)	-	(2,006,183)	Interest and fiscal charges
(123,182,491)	-	(123,182,491)	Total Governmental Activities
			Business-Type Activities:
			Electric
-	7,089,081	7,089,081	
-	7,089,081	7,089,081	Total Business-Type Activities
(123,182,491)	7,089,081	(116,093,410)	Total Primary Government
			General Revenues:
			Taxes:
44,284,961	-	44,284,961	Property taxes
2,731,202	-	2,731,202	Transient occupancy taxes
20,498,386	-	20,498,386	Sales taxes
6,150,038	-	6,150,038	Franchise taxes
2,461,291	-	2,461,291	Business license taxes
15,499,534	-	15,499,534	Utility users taxes
6,988,270	-	6,988,270	Other taxes
644,760	-	644,760	Franchise in lieu of taxes
935,133	-	935,133	Documentary transfer tax
12,006,098	810,852	12,816,950	Use of money and property
1,090,864	182,689	1,273,553	Miscellaneous
147,460	(147,460)	-	Transfers
113,437,997	846,081	114,284,078	Total General Revenues and Transfers
(9,744,494)	7,935,162	(1,809,332)	Change in Net Position
1,014,023,136	44,147,926	1,058,171,062	Net Position - Beginning of Year
\$ 1,004,278,642	\$ 52,083,088	\$ 1,056,361,730	Net Position - End of Year



City of Moreno Valley, California

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.

Neighborhood Stabilization Grant Fund

This fund is used to account for the grant allocation received by the City from the U.S. Department of Housing and Urban Development 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.

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, park improvements, recreation facilities, library facilities, city hall facilities, corporate yard facilities, interchange improvements, maintenance equipment, animal shelter facilities, and administration fees.

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 special financing districts within the CSD providing services. Zone A (Parks and Community Services) provides parks and community services throughout the City. Zone C (Arterial Street and Intersection Lighting) provides funding for arterial and intersection street lighting. Zone D (Parkway Landscape Maintenance) and Zone E (Extensive Landscape Maintenance) provide funding for the maintenance of public landscaping in and around specific residential areas and specific major residential/commercial development areas, respectively. 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 public landscape maintenance services for landscaped medians within the City's right-of-way. Zone S (Sunnymead Boulevard Maintenance) provides funding for the maintenance of certain public landscape improvements fronting Sunnymead Boulevard from Frederick Street to Perris Boulevard. Community Facilities District (CFD) No. 1 provides funding for the maintenance of new park facilities constructed after the formation of CFD No. 1 in 2003. Lighting Maintenance District (LMD) No. 2014-01 provides funding for the operation and maintenance of residential subdivision street lighting. Landscape Maintenance District (LMD) No. 2014-02 provides funding for the maintenance of public landscaping in defined zones throughout the City.

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.

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 total assets plus deferred outflows of resources, or liabilities plus deferred inflows of resources, revenues or expenditures for its fund category and at least 5% of the corresponding total for all 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, 2020

	Special Revenue Funds			
	GENERAL FUND	NEIGHBORHOOD STABILIZATION GRANT	DEVELOPMENT IMPACT FEES	CSD ZONES
Assets				
Pooled cash and investments (note 3)	\$ 68,767,430	\$ 143,257	\$ 23,797,758	\$ 22,412,214
Receivables:				
Accounts	2,207,456	-	-	151,628
Notes and loans (note 4)	-	6,218,701	-	-
Notes to Successor Agency (note 4)	11,753,341	-	-	-
Interest	991,399	-	-	-
Other	7,336	-	-	-
Due from other governments	4,873,657	-	-	267,421
Due from other funds (note 7)	2,966,880	-	-	-
Advances to other funds (note 7)	4,700,000	-	-	-
Prepaid	409,162	-	-	-
Land held for resale/redevelopment	2,860,044	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total Assets	\$ 99,536,705	\$ 6,361,958	\$ 23,797,758	\$ 22,831,263
Liabilities				
Accounts payable	\$ 10,751,549	\$ -	\$ -	\$ 718,224
Accrued liabilities	3,235,422	-	-	-
Unearned revenues	432,970	-	-	136,687
Due to other governments	4,742,713	-	-	-
Due to other funds (note 7)	-	-	-	126,303
Advances from other funds (note 7)	-	-	4,700,000	-
Total Liabilities	19,162,654	-	4,700,000	981,214
Deferred Inflows of Resources				
Unavailable revenues	9,903,236	6,218,701	-	-
Total Deferred Inflow of Resources	9,903,236	6,218,701	-	-
Total Liabilities and Deferred Inflows of Resources	29,065,890	6,218,701	4,700,000	981,214
Fund Balances (Deficits)				
Nonspendable				
Notes to Successor Agency	3,169,095	-	-	-
Advances to other funds	4,700,000	-	-	-
Permanent fund principal	-	-	-	-
Prepays and Other	416,498	-	-	-
Land held for resale/redevelopment	2,860,044	-	-	-
Restricted				
Community development projects	-	143,257	-	-
Public safety	-	-	-	-
Community and cultural	-	-	-	21,850,049
Public works	-	-	19,097,758	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Water quality	-	-	-	-
Committed				
Revolving line of credit	2,600,000	-	-	-
Maintenance of pedestrian bridge	195,276	-	-	-
Operating reserve	13,392,552	-	-	-
Library development	-	-	-	-
Assigned				
Temporary fluctuations in fair value of investments pursuant to GASB 31	4,854,105	-	-	-
Continuing appropriations	1,480,786	-	-	-
Economic uncertainty reserve	11,160,460	-	-	-
Unassigned	25,641,999	-	-	-
Total Fund Balances (Deficits)	70,470,815	143,257	19,097,758	21,850,049
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 99,536,705	\$ 6,361,958	\$ 23,797,758	\$ 22,831,263

See notes to Financial Statements.

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2020

Special Revenue Fund

HOUSING AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUND
\$ 2,062,876	\$ 46,946,188	\$ 164,129,723
-	228,934	2,588,018
32,497,731	6,995,749	45,712,181
-	-	11,753,341
2,475,466	646,396	4,113,261
-	-	7,336
-	9,417,838	14,558,916
-	-	2,966,880
-	-	4,700,000
-	7,500	416,662
4,796,352	-	7,656,396
-	2,918	2,918
<u>\$ 41,832,425</u>	<u>\$ 64,245,523</u>	<u>\$ 258,605,632</u>
\$ 16,338	\$ 2,141,040	\$ 13,627,151
-	13,150	3,248,572
-	193,923	763,580
-	25,906	4,768,619
-	2,840,577	2,966,880
-	-	4,700,000
<u>16,338</u>	<u>5,214,596</u>	<u>30,074,802</u>
2,475,467	5,642,310	24,239,714
<u>2,475,467</u>	<u>5,642,310</u>	<u>24,239,714</u>
<u>2,491,805</u>	<u>10,856,906</u>	<u>54,314,516</u>
-	-	3,169,095
-	-	4,700,000
-	288,098	288,098
-	-	416,498
-	-	2,860,044
39,340,620	7,952,969	47,436,846
-	618,793	618,793
-	-	21,850,049
-	15,217,655	34,315,413
-	14,053,111	14,053,111
-	6,021,207	6,021,207
-	57,656	57,656
-	1,411,128	1,411,128
-	-	2,600,000
-	-	195,276
-	-	13,392,552
-	7,768,000	7,768,000
-	-	4,854,105
-	-	1,480,786
-	-	11,160,460
-	-	25,641,999
<u>39,340,620</u>	<u>53,388,617</u>	<u>204,291,116</u>
<u>\$ 41,832,425</u>	<u>\$ 64,245,523</u>	<u>\$ 258,605,632</u>

Assets

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

Liabilities

Accounts payable
Accrued liabilities
Unearned revenues
Due to other governments
Due to other funds (note 7)
Advances from other funds (note 7)
Total Liabilities

Deferred Inflows of Resources

Unavailable revenues
Total Deferred Inflow of Resources

Total Liabilities and Deferred Inflows of Resources

Fund Balances (Deficits)

Nonspendable

Notes to Successor Agency
Advances to other funds
Permanent fund principal
Prepays and Other
Land held for resale/redevelopment

Restricted

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

Committed

Revolving line of credit
Maintenance of pedestrian bridge
Operating reserve
Library development

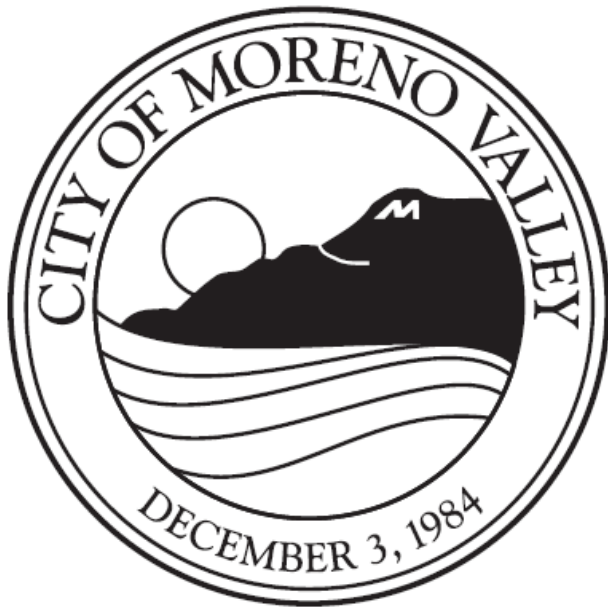
Assigned

Temporary fluctuations in fair value of investments pursuant to GASB 31
Continuing appropriations
Economic uncertainty reserve

Unassigned

Total Fund Balances (Deficits)

Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)



City of Moreno Valley, California
Reconciliation of Balance Sheet To the Statement of Net Position
June 30, 2020

Fund balances of governmental funds		\$204,291,116
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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)	1,386,076,308	
Accumulated depreciation (excludes internal service accumulated depreciation)	<u>(543,290,287)</u>	
		842,786,021

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

2011 Private Placement Refunding of 1997 Lease Revenue Bonds	(954,000)	
2013 Refunding of 2005 Lease Revenue Bonds	(4,142,000)	
2013 Total Road Improvements Certificates of Participation	(17,885,000)	
2014 Refunding of 2005 Lease Revenue Bonds	(22,602,069)	
Unamortized Premium/Discount	(1,337,998)	
Compensated Absences	<u>(6,308,232)</u>	
		(53,229,299)

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

24,239,714

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds

(282,797)

Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the governmental funds

12,499,853

Long-term liabilities related to pensions and OPEB are not due and payable in the current period and therefore are not reported in the governmental funds

Net OPEB liability	(7,888,335)	
Net pension liability	<u>(70,891,891)</u>	
		(78,780,226)

Deferred inflows of resources related to pensions and OPEB are not current obligation and are not reported in the governmental funds

(2,662,356)

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

55,416,616

Net position of governmental activities

\$1,004,278,642

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds			
	GENERAL FUND	NEIGHBORHOOD STABILIZATION GRANT	DEVELOPMENT IMPACT FEES	CSD ZONES
Revenues				
Taxes:				
Property taxes	\$ 38,449,752	\$ -	\$ -	\$ 5,835,209
Utility users taxes	15,499,534	-	-	-
Sales taxes	20,498,386	-	-	-
Other taxes	12,970,014	-	-	6,772,211
Licenses and permits	3,843,038	-	-	-
Intergovernmental	536,799	59,870	-	-
Fees and charges for services	11,947,306	-	4,736,871	5,147,816
Use of money and property	9,048,856	-	926,653	1,438,198
Fines and forfeitures	573,901	-	-	9,570
Miscellaneous	416,775	-	-	40,232
Total Revenues	113,784,361	59,870	5,663,524	19,243,236
Expenditures				
Current:				
General government	18,262,308	-	-	-
Public safety	63,893,676	-	-	-
Community and economic development	11,931,934	5,969	-	-
Community and cultural	-	-	-	12,505,853
Public works	7,817,557	-	-	6,105,114
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	1,948,131	-	-	383,720
Total Expenditures	103,853,606	5,969	-	18,994,687
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,930,755	53,901	5,663,524	248,549
Other Financing Sources (Uses)				
Transfers in (note 7)	217,760	-	4,080,738	1,390,199
Transfers out (note 7)	(5,411,389)	-	(7,774,863)	(56,623)
Transfers from Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	(5,193,629)	-	(3,694,125)	1,333,576
Net Change in Fund Balances	4,737,126	53,901	1,969,399	1,582,125
Fund Balances				
Fund Balances - Beginning of Year	65,733,689	89,356	17,128,359	20,267,924
Fund Balances - End of Year	\$ 70,470,815	\$ 143,257	\$ 19,097,758	\$ 21,850,049

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Fund

HOUSING AUTHORITY	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ -	\$ 44,284,961
-	-	15,499,534
-	-	20,498,386
-	168,469	19,910,694
-	-	3,843,038
-	32,924,192	33,520,861
-	2,517,896	24,349,889
363,082	229,309	12,006,098
-	-	583,471
1,360	632,497	1,090,864
<u>364,442</u>	<u>36,472,363</u>	<u>175,587,796</u>
-	655,530	18,917,838
-	706,013	64,599,689
167,495	2,231,234	14,336,632
-	9,709,422	22,215,275
-	7,472,552	21,395,223
-	2,117,000	2,117,000
-	2,205,181	2,205,181
-	16,348,182	18,680,033
<u>167,495</u>	<u>41,445,114</u>	<u>164,466,871</u>
<u>196,947</u>	<u>(4,972,751)</u>	<u>11,120,925</u>
-	13,341,218	19,029,915
(263,000)	(8,956,811)	(22,462,686)
-	150,000	150,000
<u>(263,000)</u>	<u>4,534,407</u>	<u>(3,282,771)</u>
(66,053)	(438,344)	7,838,154
<u>39,406,673</u>	<u>53,826,961</u>	<u>196,452,962</u>
<u>\$ 39,340,620</u>	<u>\$ 53,388,617</u>	<u>\$ 204,291,116</u>

Revenues

Taxes:

Property taxes	44,284,961
Utility users taxes	15,499,534
Sales taxes	20,498,386
Other taxes	19,910,694
Licenses and permits	3,843,038
Intergovernmental	33,520,861
Fees and charges for services	24,349,889
Use of money and property	12,006,098
Fines and forfeitures	583,471
Miscellaneous	1,090,864

Total Revenues

Expenditures

Current:

General government	18,917,838
Public safety	64,599,689
Community and economic development	14,336,632
Community and cultural	22,215,275
Public works	21,395,223

Debt service:

Principal retirement	2,117,000
Interest and fiscal charges	2,205,181

Capital outlay

	18,680,033
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Total Expenditures

Excess (Deficiency) of Revenues Over (Under) Expenditures

Other Financing Sources (Uses)

Transfers in (note 7)	19,029,915
Transfers out (note 7)	(22,462,686)
Transfers from Successor Agency	150,000
Total Other Financing Sources (Uses)	(3,282,771)

Net Change in Fund Balances

Fund Balances

Fund Balances - Beginning of Year
Fund Balances - End of Year

City of Moreno Valley, California
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$7,838,154
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Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlay as expenditures and do not report donated capital assets. 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	14,730,915	
Donated infrastructure	2,315,855	
Depreciation expense	<u>(34,078,309)</u>	(17,031,539)

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	2,117,000	
Amortization of bond premiums	189,648	
Amortization of bond discount	<u>(5,398)</u>	2,301,250

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period	14,748
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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	(101,585)
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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	(2,298,754)
--	-------------

Pension and OPEB 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/OPEB expense exceeded the contributions during the year	(3,703,177)
--	-------------

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	<u>3,236,409</u>
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Change in net position of governmental activities	<u><u>(\$9,744,494)</u></u>
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See notes to financial statements

City of Moreno Valley, California

GENERAL FUND
Budgetary Comparison Statement
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 36,831,900	\$ 36,938,300	\$ 38,449,752	\$ 1,511,452
Utility users taxes	16,000,000	15,617,540	15,499,534	(118,006)
Sales taxes	20,988,000	16,376,010	20,498,386	4,122,376
Other taxes	13,330,000	11,728,787	12,970,014	1,241,227
Licenses and permits	5,127,536	5,197,135	3,843,038	(1,354,097)
Intergovernmental	313,000	336,480	536,799	200,319
Fees and charges for services	12,771,480	11,859,947	11,947,306	87,359
Use of money and property	4,945,806	4,970,806	9,048,856	4,078,050
Fines and forfeitures	599,500	449,500	573,901	124,401
Miscellaneous	165,000	172,336	416,775	244,439
Total Revenues	111,072,222	103,646,841	113,784,361	10,137,520
Expenditures				
Current:				
General government				
City council	1,018,424	1,207,325	911,814	295,511
City manager	1,962,633	1,928,488	2,269,972	(341,484)
City clerk	720,072	668,690	556,929	111,761
City attorney	1,049,324	954,053	1,363,817	(409,764)
Financial and management services	11,408,227	11,837,062	9,465,224	2,371,838
Administrative services	1,512,487	1,427,354	1,378,097	49,257
Non-departmental	1,075,000	1,586,885	2,316,455	(729,570)
Public Safety				
Police	44,904,043	41,246,559	42,630,280	(1,383,721)
Fire	23,075,928	21,415,377	21,263,396	151,981
Public works	6,809,682	6,958,553	7,817,557	(859,004)
Community and economic development	12,669,796	12,248,643	11,931,934	316,709
Capital outlay	1,912,371	4,906,565	1,948,131	2,958,434
Total Expenditures	108,117,987	106,385,554	103,853,606	2,531,948
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,954,235	(2,738,713)	9,930,755	12,669,468
Other Financing Sources (Uses)				
Transfers in (note 7)	1,857,812	3,674,222	217,760	(3,456,462)
Transfers out (note 7)	(4,803,117)	(5,245,745)	(5,411,389)	(165,644)
Total Other Financing Sources (Uses)	(2,945,305)	(1,571,523)	(5,193,629)	(3,622,106)
Net Change in Fund Balances	8,930	(4,310,236)	4,737,126	9,047,362
Fund balances - Beginning of year	65,733,689	65,733,689	65,733,689	-
Fund balances - End of year	\$ 65,742,619	\$ 61,423,453	\$ 70,470,815	\$ 9,047,362

See notes to Financial Statements

City of Moreno Valley, California

**NEIGHBORHOOD STABILIZATION GRANT
Budgetary Comparison Statement
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 3,600,000	\$ 3,510,000	\$ 59,870	\$ (3,450,130)
Total Revenues	3,600,000	3,510,000	59,870	(3,450,130)
Expenditures				
Current:				
Community and economic development	3,600,000	3,510,000	5,969	3,504,031
Total Expenditures	3,600,000	3,510,000	5,969	3,504,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	53,901	53,901
Net Change in Fund Balances	-	-	53,901	53,901
Fund balances - Beginning of year	89,356	89,356	89,356	-
Fund balances - End of year	\$ 89,356	\$ 89,356	\$ 143,257	\$ 53,901

See notes to Financial Statements

City of Moreno Valley, California

**DEVELOPMENT IMPACT FEES
Budgetary Comparison Statement
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 830,900	\$ 3,138,228	\$ 4,736,871	\$ 1,598,643
Use of money and property	212,900	212,900	926,653	713,753
Total Revenues	1,043,800	3,351,128	5,663,524	2,312,396
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,043,800	3,351,128	5,663,524	2,312,396
Other Financing Sources (Uses)				
Transfers in (note 7)	1,055,000	4,080,738	4,080,738	-
Transfers out (note 7)	(3,282,729)	(7,774,863)	(7,774,863)	-
Total Other Financing Sources (Uses)	(2,227,729)	(3,694,125)	(3,694,125)	-
Net Change in Fund Balances	(1,183,929)	(342,997)	1,969,399	2,312,396
Fund balances - Beginning of year	17,128,359	17,128,359	17,128,359	-
Fund balances - End of year	\$ 15,944,430	\$ 16,785,362	\$ 19,097,758	\$ 2,312,396

See notes to Financial Statements

City of Moreno Valley, California

CSD ZONES
Budgetary Comparison Statement
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 5,359,370	\$ 5,359,370	\$ 5,835,209	\$ 475,839
Other taxes	6,719,200	6,724,724	6,772,211	47,487
Fees and charges for services	5,371,479	5,603,784	5,147,816	(455,968)
Use of money and property	1,009,729	1,031,788	1,438,198	406,410
Fines and forfeitures	30,000	30,000	9,570	(20,430)
Miscellaneous	18,010	192,710	40,232	(152,478)
Total Revenues	18,507,788	18,942,376	19,243,236	300,860
Expenditures				
Current:				
Public works	6,597,337	6,920,804	6,105,114	815,690
Community and cultural	13,904,965	13,964,658	12,505,853	1,458,805
Capital outlay	939,500	1,441,806	383,720	1,058,086
Total Expenditures	21,441,802	22,327,268	18,994,687	3,332,581
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,934,014)	(3,384,892)	248,549	3,633,441
Other Financing Sources (Uses)				
Transfers in (note 7)	1,971,927	1,397,545	1,390,199	(7,346)
Transfers out (note 7)	-	(56,623)	(56,623)	-
Total Other Financing Sources (Uses)	1,971,927	1,340,922	1,333,576	(7,346)
Net Change in Fund Balances	(962,087)	(2,043,970)	1,582,125	3,626,095
Fund balances - Beginning of year	20,267,924	20,267,924	20,267,924	-
Fund balances - End of year	\$ 19,305,837	\$ 18,223,954	\$ 21,850,049	\$ 3,626,095

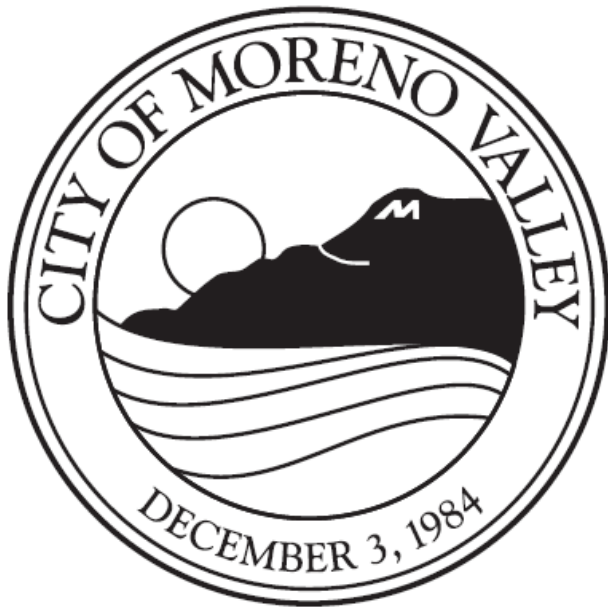
See notes to Financial Statements

City of Moreno Valley, California

HOUSING AUTHORITY
Budgetary Comparison Statement
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 75,000	\$ 75,000	\$ 363,082	\$ 288,082
Miscellaneous	-	-	1,360	1,360
Total Revenues	75,000	75,000	364,442	289,442
Expenditures				
Current:				
Community and economic development	250,000	1,452,000	167,495	1,284,505
Total Expenditures	250,000	1,452,000	167,495	1,284,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	(175,000)	(1,377,000)	196,947	1,573,947
Other Financing Sources (Uses)				
Transfers out (note 7)	-	(263,000)	(263,000)	-
Total Other Financing Sources (Uses)	-	(263,000)	(263,000)	-
Net Change in Fund Balances	(175,000)	(1,640,000)	(66,053)	1,573,947
Fund balances - Beginning of year	39,406,673	39,406,673	39,406,673	-
Fund balances - End of year	\$ 39,231,673	\$ 37,766,673	\$ 39,340,620	\$ 1,573,947

See notes to Financial Statements



City of Moreno Valley, California

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 general liability and workers' compensation 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, 2020

	Business-type Activities	Governmental Activities
	ENTERPRISE FUND - ELECTRIC	INTERNAL SERVICE FUNDS
Assets		
Current Assets:		
Pooled cash and investments (note 3)	\$ 22,611,400	\$ 46,306,574
Receivables:		
Accounts	4,610,193	67
Prepaid costs	38,921	18,191
Inventories	410,515	28,041
Restricted:		
Cash with fiscal agent (note 3)	8,691,669	-
Total Current Assets	36,362,698	46,352,873
Noncurrent Assets:		
Capital assets - net of accumulated depreciation	74,677,048	11,955,590
Total Noncurrent Assets	74,677,048	11,955,590
Total Assets	111,039,746	58,308,463
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	382,747	-
Deferred outflows of resources related to OPEB	88,184	-
Deferred outflows - Utility Network	4,969,364	-
Total Deferred Outflows of Resources	5,440,295	-
Total Assets and Deferred Outflows of Resources	\$ 116,480,041	\$ 58,308,463
Liabilities		
Current Liabilities:		
Accounts payable	\$ 2,423,904	\$ 174,829
Accrued interest	377,887	-
Unearned revenue	18,674	-
Deposits payable	1,507,886	-
Compensated absences (note 6)	207,256	162,011
Self-insurance payable (note 12)	-	780,000
Bonds, notes, and loans payable (note 6)	1,631,947	-
Total Current Liabilities	6,167,554	1,116,840
Noncurrent liabilities:		
Compensated absences (note 6)	138,171	108,007
Self-insurance payable (note 12)	-	1,667,000
Bonds, notes and loans payable (note 6)	55,766,333	-
Net pension liability	2,004,382	-
Net OPEB liability	286,676	-
Total Noncurrent Liabilities	58,195,562	1,775,007
Total Liabilities	64,363,116	2,891,847
Deferred Inflows of resources		
Deferred inflows of resources related to pensions	4,326	-
Deferred inflows of resources related to OPEB	29,511	-
Total Deferred Inflows of Resources	33,837	-
Net Position		
Net investment in capital assets	25,754,111	11,955,590
Restricted for public purpose programs	5,048,552	-
Unrestricted	21,280,425	43,461,026
Total Net Position	52,083,088	55,416,616
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 116,480,041	\$ 58,308,463

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2020

	Business-type Activities	Governmental Activities
	ENTERPRISE FUND- ELECTRIC	INTERNAL SERVICE FUNDS
Operating Revenues		
Sales and service charges	\$ 35,475,108	\$ 8,004,602
Miscellaneous	182,689	16,714
Total Operating Revenues	35,657,797	8,021,316
Operating Expenses		
Cost of services	1,414,206	5,776,115
Depreciation expense	2,115,577	934,999
Amortization-Utility Distribution System	177,477	-
Electricity purchased	11,706,628	-
Services and supplies	7,800,489	-
Distribution share	4,443,892	-
Self-insurance claims and charges	-	1,841,397
Total Operating Expenses	27,658,269	8,552,511
Net Operating Income (Loss)	7,999,528	(531,195)
Nonoperating Revenues (Expenses)		
Interest revenue	810,852	-
Interest expense and debt issuance costs	(2,856,298)	-
Engineering plan check fees	423,917	-
Gain (loss) on disposal of capital assets	-	187,373
Total Nonoperating Revenues (Expenses)	(1,621,529)	187,373
Income (Loss) Before Contributions and Transfers	6,377,999	(343,822)
Transfers and Contributions		
Contributed capital	1,704,623	-
Transfers in (note 7)	-	4,701,231
Transfers out (note 7)	(147,460)	(1,121,000)
Change in Net Position	7,935,162	3,236,409
Total Net Position - Beginning of Year	44,147,926	52,180,207
Total Net Position - End of Year	\$ 52,083,088	\$ 55,416,616

See notes to Financial Statements

City of Moreno Valley, California

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities ENTERPRISE FUND- ELECTRIC	Governmental Activities INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 34,890,350	\$ 8,021,303
Payments to suppliers	(25,679,326)	(4,319,820)
Payments to employees	(1,242,736)	(1,746,395)
Cash paid for claims	-	(1,401,397)
Net cash provided (used) by operating activities	7,968,288	553,691
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash transfers in	-	4,701,231
Cash transfers out	(147,460)	(1,121,000)
Net cash provided (used) by noncapital financing activities	(147,460)	3,580,231
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(6,458,706)	(286,355)
Proceeds from the sale or disposition of capital assets	-	187,373
Engineering plan check fees	423,917	-
Principal paid on capital debt	(1,230,135)	-
Interest paid on capital debt	(2,920,470)	-
Net cash provided (used) by capital and related financing activities	(10,185,394)	(98,982)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	810,852	-
Net cash provided (used) by investing activities	810,852	-
Net increase (decrease) in cash and cash equivalents	(1,553,714)	4,034,940
Balances - beginning of year	32,856,783	42,271,634
Balances - end of the year	\$ 31,303,069	\$ 46,306,574
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income	\$ 7,999,528	\$ (531,195)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,115,577	934,999
Amortization	177,477	-
Changes in assets, liabilities and deferred amounts:		
(Increase) decrease in customer receivables	(760,142)	(13)
(increase) decrease in prepaid costs	(13,670)	(13,603)
(Increase) decrease in deferred outflows related to pension	(22,626)	-
(Increase) decrease in deferred outflows related to OPEB	(53,599)	-
(Increase) decrease in deferred outflows - utility network	-	-
(Increase) decrease in inventories	7,390	(380)
Increase (decrease) in accounts payable	(1,792,025)	(292,564)
Increase (decrease) in unearned revenue	(7,305)	-
Increase (decrease) in deposits payable	69,987	-
Increase (decrease) in self-insurance payable	-	440,000
Increase (decrease) in net pension liability	165,812	-
Increase (decrease) in OPEB Liability	56,578	-
Increase (decrease) in deferred inflows related to pension	(23,678)	-
Increase (decrease) in deferred inflows related to OPEB	(1,006)	-
Increase (decrease) in compensated absences	49,990	16,447
Net cash provided (used) by operating activities	\$ 7,968,288	\$ 553,691
Noncash capital and related financing activities:		
Contributed capital - donated infrastructure	\$ 1,704,623	-

See notes to Financial Statements

City of Moreno Valley, California

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, 2020

	<u>Agency Funds</u>	<u>Private-Purpose Trust Fund</u>
		<u>Successor Agency of the Former RDA</u>
Assets		
Cash (note 3)	\$ 6,703,136	\$ 2,874,304
Accounts receivable	-	-
Due from other governments	13,237	-
Cash with fiscal agents (note 3)	4,266,973	197,754
Total Assets	<u>\$ 10,983,346</u>	<u>3,072,058</u>
Liabilities		
Accounts payable	112,945	-
Accrued interest	-	627,867
Deposits payable	6,061,184	-
Payable to trustee	4,809,217	-
Short-term debt - due within one year	-	930,010
Long-term debt - due in more than one year	-	52,041,524
Total Liabilities	<u>\$ 10,983,346</u>	<u>53,599,401</u>
Net Position		
Held in trust for other purposes		<u>(50,527,343)</u>
Total Net Position		<u>\$ (50,527,343)</u>

See notes to financial statements.

City of Moreno Valley, California

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2020

	Private-Purpose Trust Fund
	Successor Agency of the Former RDA
Additions	
Taxes	\$ 4,475,374
Use of money and property	8,199
Total Additions	4,483,573
Deductions	
Administrative expenses	255,450
Contractual services	355,796
Interest expenses	1,976,871
Transfers to City	150,000
Transfer to Agency Funds	1,014,786
Total Deductions	3,752,903
Change in net position	730,670
Net Position - beginning of the year	(51,258,013)
Net Position - end of the year	\$ (50,527,343)

See notes to financial statements.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 and 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 California Government Code, Division 3 of Title 6. The District was established to allow for the continued provision of certain services provided by the County of Riverside through the use of County Service Areas prior to the City incorporation.
- 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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

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.

The Neighborhood Stabilization Grant Fund accounts for the grant allocation received by the City from the U.S. Department of Housing and Urban Development 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 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, park improvements, 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 City reports the following major business-type fund:

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

Additionally the government reports the following fund types:

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

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

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

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

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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

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.

d. Assets, Deferred Outflows, 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:

Inventory in proprietary funds consist of expendable supplies held for consumption. Proprietary funds value inventory at cost and expense supply inventory using the first-in/first-out (FIFO) method. This is referred to as the consumption method of inventory

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

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

accounting. The governmental fund types use the purchase method to account for supply inventories, which are not material.

Payments to vendors for services benefiting future periods are recorded as prepaid items in both governmental and proprietary funds and expenditures are recognized when item are consumed. The fund balances in the governmental fund types have been set aside as nonspendable for amounts equal to the prepaid items in the fund-level statements, since these amounts are not available for appropriation.

Capital Assets:

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more 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 acquisition value at the date of donation. Donated infrastructure assets are recorded at estimated acquisition cost provided by the developer.

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:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5 - 50
Furniture and Equipment	3 - 15
Vehicles	3 - 10
Infrastructure	25 - 50

Deferred Outflows and Inflows of Resources:

Pursuant to GASB Statement Nos. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period. Refer to Note 8 and Note 9 for the list of deferred outflows and deferred inflows of resources the City has recognized as of June 30, 2020.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

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

Unearned Revenue:

The City reports unearned revenue in the fund-level statements and in the statement of net position. Unearned revenue arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

Compensated Absences:

It is the government's policy to permit employees to accumulate earned but unused annual leave benefits. The City records the annual leave liability using benefits earned by employees at the balance sheet date that will result in termination payments rather than compensated absences. The City records the annual leave liability using the dollar value of employees' rights to receive compensation attributable to services already rendered.

Long-term Obligations:

In the government-wide financial statements, and proprietary and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Land Held for Resale:

Land purchased for the purposes of resale is recorded at 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 Chief Financial Officer 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.

Net Position Flow Assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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

Property Taxes:

Property taxes attach as an enforceable lien on property as of January 1. Secured property taxes are payable in two installments with December 10 the last day to pay the first installment of secured property taxes without penalty, and April 10 the last day to pay the second installment of secured property taxes without penalty. Unsecured personal property taxes are due in a single installment on August 31. The County of Riverside bills and collects the property taxes and remits them to the City in installments during the year.

Property taxes received within 60 days after the City's fiscal year end are considered "measurable" and "available" and are accrued in the City's financial statements.

Pensions:

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Moreno Valley Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2020, the City did not adopt any new Statements of the Governmental Accounting Standards Board (GASB).

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 XIII B 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. 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 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 and departments, provided that such transfers do not increase the overall fund budget. Appropriations that increase the fund budget require City Council approval.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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:

Fund	Final Budget	Expenditures	Excess
General Fund			
General government			
City manager	\$ 1,928,488	\$ 2,269,972	\$ 341,484
City attorney	954,053	1,363,817	409,764
Non-departmental	1,586,885	2,316,455	729,570
Public safety			
Police	41,246,559	42,630,280	1,383,721
Public works	6,958,553	7,817,557	859,004
Storm Water Maintenance			
Public works	505,448	514,688	9,240
CFD No. 4-M			
Public works	33,815	35,463	1,648
Public Education Government Access			
General government	574,712	601,118	26,406
Emergency Services Agency Fines			
Capital outlay	12,400	30,307	17,907
ASES Program Grant			
Community and cultural	8,167,722	8,174,490	6,768
Community Development Block Grant			
Public safety	70,177	70,178	1
TRIP COP 13A			
Public works	5,800	5,968	168
2014 Refunding of 2005 Lease Revenue Bonds			
General government	2,627	3,788	1,161

c. Fund Deficits

As of June 30, 2020, there are no funds with deficit fund balance.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 3 Cash and Investments

As of June 30, 2020, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	210,439,213
Business-type Activities		31,303,069
Fiduciary Funds		14,042,167
Total Cash and Investments	<u>\$</u>	<u>255,784,449</u>

Cash and investments as of June 30, 2020, consist of the following:

Cash and Cash Equivalents		
Petty Cash and Cash Boxes	\$	5,690
Demand Deposits		2,220,472
Investments		240,398,975
Cash and Investments with Fiscal Agents		13,159,312
Total Cash and Investments	<u>\$</u>	<u>255,784,449</u>

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits:

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by the California Agents of Depository are considered to be held for, and in the name of, the local government agency.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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
- Mortgage/Asset backed securities
- Time Deposits and Non-negotiable Certificates of Deposit
- Negotiable Certificates of Deposit
- Repurchase Agreements
- Corporate Obligations (Medium-term Notes)
- 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 the 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 3 Cash and Investments (Continued)

GASB Statements No. 31 and 72:

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application*. 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. GASB Statement No. 72 clarified the definition of fair value, established general principles for measuring fair value and enhanced disclosures about fair value measurements.

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, 2020, the City's investment in medium term notes consisted of investments with Ace, air Products, Caterpillar, Charles Shwab, HSBC Holdings, JP Morgan Chase, IBM Credit Corp, Bank of New York Mellon., John Deere Capital, Exxon/Mobil, Microsoft State Street Corp, Apple Inc., U.S. Bankcorp, Cisco Systems, American Honda Finance, Toyota Motor Credit, American Express, Oracle, Paccar Financial, Bank of America, General Dynamics, PNC Bank, Royal Bank of Canada Toronto Dominion Bank and US Bank. At June 30, 2020, 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, 2020, 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 \$2,220,472 at June 30, 2020. 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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, 2020, 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	\$ 73,136,342	\$ -	\$ -	\$ -	\$ 73,136,342
Money Market Fund	424,937	-	-	-	424,937
Medium Term Notes	2,384,105	3,273,109	13,621,319	18,360,195	37,638,728
Supranationals	-	611,564	2,599,147	-	3,210,711
US Treasury Notes	-	5,931,279	11,218,644	23,104,916	40,254,839
Federal Home Loan Bank	1,895,867	4,499,719	5,785,735	12,976,756	25,158,078
Federal Home Loan Mortgage Corp	-	-	5,225,379	6,094,132	11,319,511
Federal National Mortgage Association	-	3,377,386	11,254,190	12,422,536	27,054,112
Asset Backed Security	-	-	5,021,414	5,911,599	10,933,013
Collateralized Mortgage Obligations	-	477,732	3,966,236	4,781,679	9,225,647
Municipal Bond	-	-	-	2,043,056	2,043,056
Held By Bond Trustee:					
Money Market Funds	13,159,312	-	-	-	13,159,312
Totals	\$ 91,000,564	\$ 18,170,791	\$ 58,692,064	\$ 85,694,869	\$ 253,558,287

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 California	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%
Collateralized Bank Deposits	5 years	None	5%
Mortgage Pass-Through Securities	5 years	20%	5%
Bank/Time Deposits	5 years	None	5%
Other Governmental Sponsored Investment Pools	n/a	None	None
Supranationals	5 years	30%	5%

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 3 Cash and Investments (Continued)

As of June 30, 2020, 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	9.92%
Federal National Mortgage Association	10.67%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

Fair Value Measurement:

GASB 72, Fair Value Measurement and Application 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 3 Cash and Investments (Continued)

Fair Value Measurement:

The following table represents the City's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Fair Value Measurement Using Significant Other Observable Inputs (Level 2)</u>
Money Market Fund	\$ 424,937	\$ 424,937
Medium Term Notes	37,638,728	37,638,728
Supranationals	3,210,711	3,210,711
US Treasury Notes	40,254,839	40,254,839
Federal Home Loan Bank	25,158,078	25,158,078
Federal Home Loan Mortgage Corp	11,319,511	11,319,511
Federal National Mortgage Association	27,054,112	27,054,112
Asset Backed Security	10,933,013	10,933,013
Collateralized Mortgage Obligations	9,225,647	9,225,647
Municipal Bond	2,043,056	2,043,056
Held by Trustee:		
Money Market Funds	13,159,312	13,159,312
Total	<u>180,421,945</u>	<u>\$ 180,421,945</u>
Uncategorized:		
Local Agency Investment Fund	<u>73,136,342</u>	
Total Uncategorized	<u>73,136,342</u>	
Total Investments measured at Fair Value	<u><u>\$ 253,558,287</u></u>	

The City and the third-party trustees that hold the City's assets utilize the Market Approach in valuing the investment portfolio through the use of a pricing service that utilized matrix pricing. The market approach utilizes prices and other relevant data from market transactions for similar assets.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 4 Notes and Loans

a. Notes and Loans Receivable

Notes and loans receivables of \$45,712,181 consist primarily of revolving home improvement loans and are due beyond one year.

A summary of amounts owed at June 30, 2020, follows:

	Housing Authority	Neighborhood Stabilization Grant	Nonmajor Governmental Funds	Total
Cottonwood Properties	\$ 2,897,539	\$ -	\$ 2,024,836	\$ 4,922,374
Sheila Street Rehabilitation	2,651,875	-	-	2,651,875
RHDC Properties	1,814,730	875,119	1,940,476	4,630,325
Coachella Valley Housing Coalition	1,639,450	-	-	1,639,450
Ability First	824,917	-	-	824,917
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	-	1,628,643	7,928,643
Others	456,220	5,343,582	714,795	6,514,597
Totals	<u>\$ 32,497,731</u>	<u>\$ 6,218,701</u>	<u>\$ 6,995,749</u>	<u>\$ 45,712,181</u>

b. Notes to Successor Agency

In prior years, the City made various loans to the former Redevelopment Agency. Upon dissolution of the Redevelopment Agency, certain loans were approved as enforceable obligations in a letter dated May 26, 2012, from the California Department of Finance and remain as a receivable in the General Fund and a liability of the Successor Agency. At June 30, 2020, the balance of \$11,753,341 consists of the following:

The Towngate Regional Mall notes (Sears Note) totaling \$9,216,575 which 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 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, 2020, accrued interest amounts to \$2,536,766.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 5 Capital Assets

The following is a schedule of changes in governmental activities capital assets for the year ended June 30, 2020.

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Non-Depreciable Assets:				
Land	\$ 305,081,306	\$ 1,434,872	\$ -	\$ 306,516,178
Construction in progress	16,832,735	16,296,140	(11,642,165)	21,486,710
Total Non-Depreciable Assets	<u>321,914,041</u>	<u>17,731,012</u>	<u>(11,642,165)</u>	<u>328,002,888</u>
Depreciable Assets:				
Buildings and Improvements	149,249,502	412,152	(67,479)	149,594,175
Furniture and Equipment	19,221,466	3,999,620	(255,510)	22,965,576
Vehicles	11,337,629	1,329,298	(1,996,330)	10,670,597
Infrastructure	896,131,338	10,454,546	(8,231,300)	898,354,584
Total Depreciable Assets	<u>1,075,939,935</u>	<u>16,195,616</u>	<u>(10,550,619)</u>	<u>1,081,584,932</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(71,256,189)	(4,249,482)	67,479	(75,438,192)
Furniture and Equipment	(12,085,873)	(1,791,388)	254,855	(13,622,406)
Vehicles	(6,255,311)	(1,474,926)	1,939,185	(5,791,052)
Infrastructure	(435,834,808)	(27,497,512)	3,337,763	(459,994,557)
Total Accumulated Depreciation	<u>(525,432,181)</u>	<u>(35,013,308)</u>	<u>5,599,282</u>	<u>(554,846,207)</u>
Total Depreciable Assets, Net	<u>550,507,754</u>	<u>(18,817,692)</u>	<u>(4,951,337)</u>	<u>526,738,725</u>
Total Net Capital Assets	<u>\$ 872,421,795</u>	<u>\$ (1,086,680)</u>	<u>\$ (16,593,502)</u>	<u>\$ 854,741,613</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,299,941
Public Safety	1,180,067
Community and Economic Development	185,522
Community and Cultural	2,290,288
Public Works	29,122,492
Internal Service Funds	934,999
Total	<u>\$ 35,013,308</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 5 Capital Assets (Continued)

The following is a schedule of changes in business-type activities capital assets for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Non-Depreciable Assets:				
Land	\$ 1,729,408	\$ -	\$ -	\$ 1,729,408
Construction in progress	10,934,906	6,354,606	(13,083,019)	4,206,493
Total Non-Depreciable Assets	<u>12,664,314</u>	<u>6,354,606</u>	<u>(13,083,019)</u>	<u>5,935,901</u>
Depreciable Assets:				
Furniture and Equipment	1,105,204	-	-	1,105,204
Infrastructure	66,731,592	14,891,741	-	81,623,333
Total Depreciable Assets	<u>67,836,796</u>	<u>14,891,741</u>	<u>-</u>	<u>82,728,537</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(488,115)	(61,880)	-	(549,995)
Infrastructure	(11,383,698)	(2,053,697)	-	(13,437,395)
Total Accumulated Depreciation	<u>(11,871,813)</u>	<u>(2,115,577)</u>	<u>-</u>	<u>(13,987,390)</u>
Total Depreciable Assets, Net	<u>55,964,983</u>	<u>12,776,164</u>	<u>-</u>	<u>68,741,147</u>
Total Net Capital Assets	<u>\$ 68,629,297</u>	<u>\$ 19,130,770</u>	<u>\$ (13,083,019)</u>	<u>\$ 74,677,048</u>

Depreciation expense for business-type activities was charged as follows:

Electric Utility	<u>\$ 2,115,577</u>
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City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Moreno Valley Public Facilities Financing Authority:					
Direct Placements					
2011 Private Placement Refunding of 1997					
Lease Revenue Bonds	\$ 1,245,000	\$ -	\$ (291,000)	\$ 954,000	\$ 305,000
Other Debt					
2013 Refunding of 2005 Lease Revenue Bonds					
Unamortized Premium	5,398,000	-	(1,256,000)	4,142,000	1,312,000
2014 Refunding of 2005 Lease Revenue Bonds					
Unamortized Premium	468,051	-	(117,013)	351,038	117,012
2014 Refunding of 2005 Lease Revenue Bonds					
Unamortized Premium	22,602,069	-	-	22,602,069	-
Unamortized Premium	1,162,156	-	(72,635)	1,089,521	72,634
City:					
2013 Total Road Improvement Program COP's					
Unamortized Discount	18,455,000	-	(570,000)	17,885,000	600,000
Unamortized Discount	(107,959)	-	5,398	(102,561)	(5,398)
Totals	<u>\$ 49,222,317</u>	<u>\$ -</u>	<u>\$ (2,301,250)</u>	<u>\$ 46,921,067</u>	<u>\$ 2,401,248</u>

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

Note 6 Long-term Debt (Continued)

Direct Borrowing/Direct Placements

2011 Private Placement Refunding

The 2011 Private Placement Refunding Bonds mature in serial and term fashion through November 1, 2022 and bear interest of 3.98%. 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 City Hall Annex and Fire Station 65 (John F. Kennedy Park). These properties also act as the security for the agreement. There are no provisions or events of default or termination identified in the Lease Agreements which would result in finance-related consequences or the acceleration clauses. Events of default would result in the ability of the lessor to sublease the leased property for the remainder of the life of the agreement.

The annual debt service requirements for the 2011 Private Placement Refunding, 1997 Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2011 Private Placement Refunding	
	Principal	Interest
2021	\$ 305,000	\$ 31,900
2022	318,000	19,502
2023	331,000	6,587
Totals	<u>\$ 954,000</u>	<u>\$ 57,989</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

Other Debt

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, 2022 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.

The annual debt service requirements for the 2013 Refunding Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2013 Refunding Lease Revenue Bonds	
	Principal	Interest
2021	\$ 1,312,000	\$ 173,920
2022	1,377,000	106,806
2023	1,453,000	36,233
Totals	\$ 4,142,000	\$ 316,959

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

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 outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2013 Total Road Improvement Program Certificates of Participation	
	Principal	Interest
2021	\$ 600,000	\$ 885,562
2022	630,000	855,563
2023	660,000	824,063
2024	685,000	797,663
2025	715,000	769,406
2026-2030	4,100,000	3,317,149
2031-2035	5,240,000	2,179,150
2036-2039	5,255,000	690,338
Totals	\$ 17,885,000	\$ 10,318,894

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2014 Refunding Lease Revenue Bonds	
	Principal	Interest
2021	\$ -	\$ 1,009,332
2022	-	1,009,332
2023	-	1,009,332
2024	1,297,170	976,903
2025	1,355,319	910,591
2026-2030	7,872,480	3,437,948
2031-2035	9,858,492	1,460,166
2036	2,218,608	44,372
Totals	\$ 22,602,069	\$ 9,857,976

Compensated Absences

At June 30, 2020, the amount of compensated absences liability was \$6,578,250. This amount consists of \$6,308,232 for governmental funds, principally paid by the General Fund, and \$270,018 for internal service funds.

Pension and OPEB Liability

Pension and OPEB obligations will be met from unrestricted revenues of the General Fund.

Lines of Credit

The City has no available, unused lines of credit.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Direct Placements					
Capital Leases - Streetlight Financing	\$ 8,110,892	\$ -	\$ (21,135)	\$ 8,089,757	\$ 398,838
Other Debt					
Refunding Lease Revenue Bonds, 2013	642,000	-	(149,000)	493,000	158,000
Plus Unamortized Premium	50,428	-	(12,607)	37,821	12,607
Refunding Lease Revenue Bonds, 2014	2,662,931	-	-	2,662,931	-
Plus Unamortized Premium	132,530	-	(7,796)	124,734	7,796
Lease Revenue Bonds, 2015	9,850,000	-	(210,000)	9,640,000	215,000
Less Unamortized Discount	(35,955)	-	1,439	(34,516)	(1,438)
Refunding Lease Revenue Bonds, 2016	22,135,000	-	(850,000)	21,285,000	875,000
Less Unamortized Discount	(434,216)	-	22,855	(411,361)	(22,853)
Lease Revenue Bonds, 2019	15,830,000	-	-	15,830,000	-
Less Unamortized Discount	(330,088)	-	11,002	(319,086)	(11,003)
Totals	<u>\$ 58,613,522</u>	<u>\$ -</u>	<u>\$ (1,215,242)</u>	<u>\$ 57,398,280</u>	<u>\$ 1,631,947</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

Direct Borrowing/Direct Placements

2018 Streetlight Financing

Lease/Purchase agreement in the amount of \$8,110,892 was executed to purchase approximately 9,411 streetlights from Southern California Edison and to retrofit approximately 11,100 City-owned streetlights with LED fixtures. Interest on the lease will be charged at 5.42%. Debt service payments start in FY 2019/20 and end in FY 2033/34 and will be paid through MVU streetlight rates. The security for the agreement is the poles themselves, and no General Fund assets will be used to secure this agreement. There are no provisions or events of default or termination identified in the Lease Agreement which would result in finance-related consequences or the acceleration clauses. Events of default would result in the ability of the lessor to take ownership of the leased light poles.

The annual debt service requirements for the 2018 Streetlight Financing outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2018 Streetlight Financing	
	Principal	Interest
2021	\$ 398,839	\$ 433,133
2022	420,749	411,223
2023	443,862	388,109
2024	468,245	363,726
2025	493,968	338,003
2026-2030	2,907,948	1,251,909
2031-2034	2,956,146	371,740
Totals	<u>\$ 8,089,757</u>	<u>\$ 3,557,843</u>

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

Note 6 Long-term Debt (Continued)

Other Debt

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, 2022 and bear interest ranging from 3% to 5.00%. The bonds are not subject to 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.

The annual debt service requirements for the 2013 Refunding Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2013 Refunding Lease Revenue Bonds	
	Principal	Interest
2021	\$ 158,000	\$ 21,080
2022	163,000	12,945
2023	172,000	4,392
Totals	<u>\$ 493,000</u>	<u>\$ 38,417</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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 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.

The annual debt service requirements for the 2014 Refunding Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2014 Refunding Lease Revenue Bonds	
	Principal	Interest
2021	\$ -	\$ 118,918
2022	-	118,918
2023	-	118,918
2024	152,830	115,097
2025	159,681	107,284
2026-2030	927,520	405,052
2031-2035	1,161,508	172,034
2036	261,392	5,228
Totals	\$ 2,662,931	\$ 1,161,449

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

2015 Lease Revenue Bonds

2015 Lease Revenue Bonds (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 1.25% 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 outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2015 Lease Revenue Bonds	
	Principal	Interest
2021	\$ 215,000	\$ 442,344
2022	220,000	435,681
2023	225,000	428,447
2024	235,000	420,391
2025	240,000	411,631
2026-2030	1,360,000	1,901,975
2031-2035	1,680,000	1,567,966
2036-2040	2,130,000	1,110,019
2041-2045	2,710,000	508,250
2046	625,000	15,625
Totals	\$ 9,640,000	\$ 7,242,329

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

2016 Refunding Lease Revenue Bonds

2016 Refunding Lease Revenue Bonds, in the original issue amount of \$24,655,000 were issued for the purpose of retiring the outstanding portion of the 2007 Lease Revenue Bonds as well as certain costs related to the issuance of the bonds. The bonds are comprised of a combination of serial and term bonds with maturities between 2017 and 2038 and bear interest ranging from 1% to 4.375%. The bonds are subject to optional redemption beginning in 2021. The bonds are payable from lease payments made by the City as rent for the use of the Kitching Electrical Substation, the Moreno Beach Electrical Substation and the Conference and Recreation Center pursuant to a master facility sublease between the City and the Moreno Valley Public Financing Authority (MVPFA) dated December 15, 2015. The transaction resulted in an economic gain of \$2.1 million and a reduction of debt service costs of \$2.8 million.

The annual debt service requirements for the 2016 Refunding Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2016 Refunding Lease Revenue Bonds	
	Principal	Interest
2021	\$ 875,000	\$ 825,350
2022	895,000	803,475
2023	920,000	778,863
2024	945,000	751,263
2025	975,000	722,912
2026-2030	5,405,000	3,076,169
2031-2035	6,595,000	1,898,306
2036-2038	4,675,000	414,969
Totals	\$ 21,285,000	\$ 9,271,307

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

2019 Lease Revenue Bonds

2019 Lease Revenue Bonds (Taxable) in the original amount of \$15,830,000 were issued for the purpose of financing capital improvements of the City including installation of approximately 5.8 miles of 12Kv backbone infrastructure, retrofit and/or replacement of switches, and installation of smart meters and associated data collection system. The bonds will mature in serial and term fashion through 2049 and bear a true interest cost of 6.00% per annum. The Series 2019 Bonds will share the “Master Lease” bond structure to secure repayment of the bonds that is also being used to secure the 2015 and the 2016 Lease Revenue Bonds. This allows the City to pledge fewer assets over time for future lease financings. The bonds will be secured primarily by four assets in the master lease, Kitching Substation, Moreno Beach Substation, the Conference and Recreation Center and the Corporation Yard.

The annual debt service requirements for the 2019 Lease Revenue Bonds outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2019 Lease Revenue Bonds	
	Principal	Interest
2021	\$ -	\$ 633,200
2022	-	633,200
2023	-	633,200
2024	-	633,200
2025	-	633,200
2026-2030	-	3,166,000
2031-2035	-	3,166,000
2036-2040	2,085,000	3,125,000
2041-2045	6,005,000	2,287,600
2046-2049	7,740,000	827,600
Totals	\$ 15,830,000	\$ 15,738,200

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

Compensated Absences

At June 30, 2020, the amount of compensated absences liability totaled \$345,427. Based on the current trend of usage, \$207,256 is expected to be paid within one year.

c. Non-Commitment Debt

2007 Community Facilities District No. 5 Special Tax Bonds

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, 2020 was \$5,240,000.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 6 Long-term Debt (Continued)

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. This debt is not the responsibility of the City but the City will 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 outstanding balance at June 30, 2020 was \$1,290,000.

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. This debt is not the responsibility of the City but the City acts 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 outstanding balance at June 30, 2020 was \$1,935,000.

2016 Community Facilities District 7 Improvement Area 1 Special Tax Bonds

Community Facilities District No. 7 of the City of Moreno Valley issued bonds in the amount of \$3,265,000 in September 2016 to reimburse the site developer for the cost of certain site improvements. These bonds consist of both serial and term bonds that mature on September 1, 2047 and bear interest rates ranging from 1% to 3.25%. The bonds will be repaid from a special tax assessment levied on the parcels and are subject to optional redemption beginning in September 2026. This debt is not the responsibility of the City but the City acts 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 outstanding balance at June 30, 2020 was \$3,115,000.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 7 Interfund Receivables, Payables and Transfers

a. Due To/From other Funds

Due From Other Funds	Due To Other Funds		
	CSD Zones	Nonmajor Governmental Funds	Total
General Fund	\$ 126,303	\$ 2,840,577	\$ 2,966,880
	\$ 126,303	\$ 2,840,577	\$ 2,966,880

The City of Moreno Valley utilizes the State of California Local Agency Investment Fund (LAIF) as a short-term investment tool. Interest earnings related to investments are due to the General Fund in compliance with Administrative Policy 3.06, Investment Policy. At June 30, 2020, the CSD Zones Fund included \$126,303 of interest earnings that is due to the General Fund.

The General Fund has made short-term loans to the following funds to eliminate negative cash balances:

Major Fund:	
Nonmajor Governmental Funds:	
Emergency Solutions Grant	\$ 10,133
Law Enforcement Grants	406,339
Capital Project Grants	559,678
Other Grants	109,923
ASES Program Grant	580,647
Community Development Block Grants	836,845
SCAG Article 3 Transportation	906
TUMF Capital Projects	336,106
Total	<u>\$ 2,840,577</u>

b. Advances To/From Other Funds

	Advances from Other Funds
	Development Impact Fees
Advances to Other Funds	<u>\$ 4,700,000</u>
General Fund	<u>\$ 4,700,000</u>

The General Fund loaned \$4,700,000 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, 2021.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 7 Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers

Transfers Out	Transfers In					Total
	General Fund	Development Impact Fees	CSD Zones	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 1,375,531	\$ 1,765,858	\$ 2,270,000	\$ 5,411,389
Development Impact Fees	165,032	-	-	7,609,831	-	7,774,863
CSD Zones	52,728	-	-	184	3,711	56,623
Housing Authority	-	-	-	263,000	-	263,000
Nonmajor Governmental Funds	-	4,080,738	1,990	3,055,926	1,818,157	8,956,811
Internal Service Funds	-	-	12,678	508,633	599,689	1,121,000
Electric Utility	-	-	-	137,786	9,674	147,460
Totals	\$ 217,760	\$ 4,080,738	\$ 1,390,199	\$13,341,218	\$ 4,701,231	\$ 23,731,146

The General Fund transferred a total of \$5,411,389 to several funds to provide subsidies to cover the operating and capital deficits, and to cover the cost for general benefit services.

The Development Impact Fees Fund and Nonmajor Governmental Funds transferred a total of \$7,609,831 and \$3,055,926, respectively, to Nonmajor Governmental Funds for debt service payments and to provide support for several capital projects in the fiscal year.

The Nonmajor Governmental Funds transferred a total of \$4,080,738 to Development Impact Fees Fund primarily as a result of savings from facility construction projects.

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 publicly 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. Classic CalPERS members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPPA CalPERS members with five years of total service are eligible to retire at age 52 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 2 Death Benefit. The cost of living

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 8 Employee Pension Plan (Continued)

adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	Prior to December 23, 2011	December 23, 2011 thru December 31, 2012	On or after January 1, 2013
Hire Date			
Benefit Formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	35.893%	35.893%	35.893%

Employees Covered – At June 30, 2020, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active Employees	311
Retired Employees	379
Inactive Employees	279

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 is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 8 Employee Pension Plan (Continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
 Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	Varies by Entry Age and Service (1)
Investment rate of return	7.375% (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 and administrative expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a 2014 CalPERS 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 7.15% 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 8 Employee Pension Plan (Continued)

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 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 ¹	New Strategic Allocation	Real Return Years 1-10 ²	Real Return Years 11+ ³
Public Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

¹ In the Basic Financial Statements, fixed income is included in Global Debt Securities; Liquidity is included in Short Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

² An expected inflation of 2.0% used for this period

³ An expected inflation of 2.92% used for this period

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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	Plan Fiduciary Net Position	Net Pension Liability	Governmental Activities Net Pension Liability (Asset)	Enterprise Net Pension Liability (Asset)
Balance at June 30, 2018 (MD)	\$ 207,884,851	\$ 139,792,584	\$ 68,092,267	\$ 66,253,697	\$ 1,838,570
Changes in the year:					
Service Cost	4,224,541	-	4,224,541	4,078,730	145,811
Interest on the Total Pension Liability	14,940,039	-	14,940,039	14,424,382	515,657
Differences between Expected and Actual Experience	3,645,228	-	3,645,228	3,519,412	125,816
Net Plan to Plan Resource Movement	-	-	-	-	-
Contributions - Employer	-	7,094,031	(7,094,031)	(6,849,180)	(244,851)
Contributions - Employees	-	1,710,075	(1,710,075)	(1,651,052)	(59,023)
Net Investment Income	-	9,301,132	(9,301,132)	(8,980,102)	(321,030)
Benefit Payments, including Refunds of Employee Contributions	(9,381,500)	(9,381,500)	-	-	-
Administrative Expense	-	(99,759)	99,759	96,316	3,443
Other Miscellaneous Income/(Expense)	-	323	(323)	(312)	(11)
Net Changes	<u>13,428,308</u>	<u>8,624,302</u>	<u>4,804,006</u>	<u>4,638,194</u>	<u>165,812</u>
Balance at June 30, 2019 (MD)	<u>\$ 221,313,159</u>	<u>\$ 148,416,886</u>	<u>\$ 72,896,273</u>	<u>\$ 70,891,891</u>	<u>\$ 2,004,382</u>

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 Miscellaneous 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:

	1% Decrease to 6.15%	Current Discount Rate 7.15%	1% Increase to 8.15%
Net Pension Liability	\$ 102,797,734	\$ 72,896,273	\$ 48,179,991

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 8 Employee Pension Plan (Continued)

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of \$11,738,885 principally paid by General Fund, Community Services District, and the Electric Utility. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 7,972,616	\$ -
Changes of assumptions	-	(439,465)
Differences between expected and actual experience	2,295,144	(560,922)
Net difference between projected and actual earnings on pension plan investments	-	(873,759)
	<u>\$ 10,267,760</u>	<u>\$ (1,874,146)</u>

\$7,972,616 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ending June 30:	
2020	\$ 796,910
2021	(251,729)
2022	(249,239)
2023	125,056
2024	-
Thereafter	-

Note: The fiscal year will be one year later than the measurement period. The 2020 measurement period presented in the above table will be listed as year 2021 in the City's fiscal year ending June 30, 2020 financial statements.

As of June 30, 2020, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

Note 9 Other Post Employment Benefits (OPEB)

Plan Description

The City's defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees hired prior to September 30, 2011, who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not temporary employees, are eligible for these benefits. In June 2009, the City established an irrevocable trust fund to begin funding the City's unfunded liability through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. The City administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date and employment status (Management or Non-Management). Benefits continue to the surviving spouses.

CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

Benefits Provided

The Public Employees' Medical and Hospital Care Act (PEMHCA) minimum amount for retirees participating in PEMHCA is \$139 per month for 2020 PEMHCA amounts are adjusted on an annual basis.

An additional \$318.73 per month will be paid for medical, dental, and vision for full-time employees hired and for City Council elected before September 30, 2011. The total subsidy will not be greater than the premium for the retiree and spouse. Coverage is allowed under any medical plan.

Employees Covered by Benefit Terms

At June 30, 2018 (the census date), the following employees were covered by the benefit terms:

Category	Count
Active employees	296
Inactive employees or beneficiaries currently receiving benefit payments	270
Inactive employees entitled to but not yet receiving benefit payment	0

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Contributions

The City establishes contributions based on the Actuarially Determined Contribution (ADC). For the year ended June 30, 2020, the City's ADC contribution rate was 4.62% of covered-employee-payroll. Employees do not contribute to the plan, but instead pay the difference between the benefit that they receive and the monthly premium for that benefit.

Net OPEB Liability

The City's total OPEB liability was valued as of June 30, 2018 and was used to calculate the net OPEB liability measured as of June 30, 2019.

Actuarial Assumptions

This valuation assumes that the City will fund the OPEB benefits using the ADC each year, with the ADC calculated as the sum of the Entry Age Normal Cost (cash subsidy only) for the year plus amortization of the Unfunded Actuarial Accrued Liability (UAAL) and estimated administrative expenses. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	<u>June 30, 2018</u>	<u>June 30, 2019</u>	
Discount Rate	7.28%	6.17%	
Investment rate of return	7.28%	6.17%	
Inflation	2.50%	2.50%	
Healthcare cost trend rates	n/a	5.50%	Trending down to 3.84% over 55 years.
Salary Increases	2.75%	2.75%	Additional merit-based increases based on CalPERS merit salary increase tables.
Mortality Rates	Based on CalPERS tables.		

*Projections of the sharing of benefit-related costs are based on an established pattern of practice.

*Experience studies come from the CalPERS Pension Assumption Model, revised May 14, 2018.

*Inactive employees (retirees) pay for the cost of premiums not covered by the plan.

*There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Changes of Assumptions

For measurement period ending June 30, 2019 the discount rate and the investment rate of return decreased to 6.17% from 7.28%.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Discount rate

The discount rate used to measure the total OPEB liability is 6.17%. This is the expected long-term rate of return on City assets using the Strategy I asset allocation provided by California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Base on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

Long-Term Expected Real Rate of Return

The long-term expected rate of return is determined using the long-term rates of return developed by the CalPERS Investment Office in their report dated August 18, 2014.

Asset Class	Target Allocation	Long-Term Compound Real Rate of Return
Global Equity	57%	8.71%
Fixed Income	27%	5.40%
Treasury Inflation Protection Securities	5%	5.25%
Real Estate Investment Trusts	8%	10.88%
Commodities	3%	7.95%

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of Report Date June 30, 2019	\$ 16,792,895	\$ 10,339,408	\$ 6,453,487
Changes for the year:			
Service Cost	360,905	-	360,905
Interest on the Total OPEB Liability	1,212,957	-	1,212,957
Differences Between Expected and Actual Experience	(200,112)	-	(200,112)
Changes of Assumptions	1,961,763	-	1,961,763
Contribution - Employer		661,483	(661,483)
Implicit subsidy - Employer		295,036	(295,036)
Net Investment Income		670,718	(670,718)
Benefit Payments, Including			
Refunds of Employee Contributions	(689,589)	(689,589)	-
Implicit Subsidy Credit	(295,036)	(295,036)	-
Administrative Expenses	-	(2,350)	2,350
Other Miscellaneous Income/ (Expense)	-	(10,898)	10,898
Net Changes	<u>2,350,888</u>	<u>629,364</u>	<u>1,721,524</u>
Balance as of Report Date June 30, 2020	<u>\$ 19,143,783</u>	<u>\$ 10,968,772</u>	<u>\$ 8,175,011</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.17%) or one percentage point higher (7.17%) follows:

	1% Decrease <u>5.17%</u>	Discount Rate <u>6.17%</u>	1% Increase <u>7.17%</u>
Net OPEB liability	\$ 10,285,254	\$ 8,175,011	\$ 6,387,930

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than current healthcare cost trend rates follows:

	1% Decrease <u>4.50%</u>	Trend Rate <u>5.50%</u>	1% Increase <u>6.50%</u>
	Decreasing to <u>2.84%</u>	Decreasing to <u>3.84%</u>	Decreasing to <u>4.84%</u>
Net OPEB liability	\$ 7,872,548	\$ 8,175,011	\$ 8,525,475

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the City recognized a reduction in OPEB expense of \$994,094. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 95,716	\$ (170,683)
Changes of Assumptions	1,673,268	(602,858)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(48,506)
City Contribution Subsequent to the Measurement Date	<u>934,040</u>	<u>-</u>
Total	<u>\$ 2,703,024</u>	<u>\$ (822,047)</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Report Year Ending June 30	
2021	\$ 43,314
2022	214,250
2023	161,039
2024	146,535
2025	174,544
Remaining	207,255

Note 10 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, 2020:

Project Name	Contract Amount	Expenditures to date as of 6/30/2020	Remaining Commitments
<u>Governmental Activities</u>			
SR- 60/ World Logistics Center Parkway Interchange	\$ 3,315,222	\$ 3,017,376	\$ 297,846
SR- 60/ Moreno Beach IC Phase 2	1,833,606	1,729,314	104,292
Other projects	1,408,732	912,063	496,669
<u>Electric Utility</u>			
Day Street Line Extension	\$ 2,283,744	\$ 2,249,124	\$ 34,620
City Hall Annex Solar Carport	1,290,000	228,500	1,061,500
ENCO Work Authorizations on MVU CIP Projects	161,593	125,131	36,462

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 10 Commitments and Contingencies (Continued)

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.

e. Tax Abatements

GASB 77

As of June 30, 2020, the City has entered into two agreements to provide tax abatements to local businesses. These abatements are designed to encourage businesses to hire city residents and have "local hire" clauses in them. The structure of the abatement, or rebate, and the local-hire requirement is specific to each agreement and may vary with each one.

Agreement # 1

The terms of Agreement # 1, approved by City Council Resolution 2015-54, require that sales tax is refunded based on preset percentages over the life of the agreement. The original agreement covered a ten-year period but on August 23, 2018, the participating business completed the additional conditions which were required to extend the agreement to the full twenty-year period. Payments are made to the business on a quarterly basis as the detailed sales tax data is received from the California Board of Equalization.

The participating business is required to certify their compliance annually. If hiring levels fall below the 30% for a given year, the City is entitled to recapture a pro-rate share of the revenues abated for that year. The recapture clause is limited to the payments that pertain to the particular year where the requirement was not met and cannot be applied to any payments previously earned.

<u>Agreement Years</u>	<u>Tax Abatement Rate</u>
Years 1 through 5	60%
Years 6 through 10	50%
Years 11 through 15	50%
Years 16 through 20	40%

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2020

Note 10 Commitments and Contingencies (Continued)

Agreement # 2

The terms of Agreement # 2, approved by City Council Resolution 2016-11, require that sales tax be refunded based on reaching established thresholds as shown in the following table. The term of this agreement is four years and is capped at \$60,000 per year and at \$240,000 over the life of the agreement.

The participating business is required to certify their compliance annually. If hiring levels fall below the 30% for a given year, the City is entitled to withhold the abatement for that year.

<u>Threshold #</u>	<u>Annual Threshold Range</u>	<u>Distribution</u>
Threshold #1	\$0-\$60,000	Retained by City
Threshold #2	\$60,001-\$120,000	Due to Business
Threshold #3	Over \$120,000	Retained by City

Section 7056.a.1 of the California Revenue and Taxation Codes states that “it is unlawful for the board, any person having an administrative duty under this part or any person who obtains access to information contained in, or derived from, sales or transactions and use tax records of the board pursuant to subdivision (b), to make known in any manner whatever the business affairs, operations, or any other information pertaining to any retailer or any other person required to report to the board or pay a tax pursuant to this part”. As such the City is unable to provide the amount of the tax that was abated during the year since this would result in a breach of the confidentiality standard.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 11 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 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 \$1,418,000 and \$1,029,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$2,447,000. Of these amounts, the current year's adjustment is an increase of \$440,000.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 11 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, 2018	\$ 667,000	\$ 1,460,000	\$ 2,127,000
Incurred claims, representing the total of 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.	270,270	99,048	369,318
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(224,270)</u>	<u>(265,048)</u>	<u>(489,318)</u>
Amount of accrued claims at June 30, 2019	713,000	1,294,000	2,007,000
Incurred claims, representing the total of 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.	349,825	478,979	828,804
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(33,825)</u>	<u>(354,979)</u>	<u>(388,804)</u>
Amount of accrued claims at June 30, 2020	<u>\$ 1,029,000</u>	<u>\$ 1,418,000</u>	<u>\$ 2,447,000</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

Note 12 Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Moreno Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

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	\$ 2,874,304
Cash and Investments with Fiscal Agent	<u>197,754</u>
	<u>\$ 3,072,058</u>

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

**Note 12 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, 2020, follows:

	Balance July 1, 2019	Additions	Repayments	Balance June 30, 2020	Due Within One Year
Fiduciary Activities					
City loans - Principal	\$ 9,811,715	\$ -	\$ (595,140)	\$ 9,216,575	\$ 595,140
City loans - Interest	2,704,626	-	(167,860)	2,536,766	167,860
2017 Ref of the 2007 TABs, Series A	38,045,000	-	-	38,045,000	-
Unamortized premium	3,340,203	-	(167,010)	3,173,193	167,010
Totals	<u>\$ 53,901,544</u>	<u>\$ -</u>	<u>\$ (930,010)</u>	<u>\$ 52,971,534</u>	<u>\$ 930,010</u>

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. 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, 2020, the outstanding principal and accrued interest balances are \$9,216,575 and \$2,536,766, respectively.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

**Note 12 Successor Agency Trust for Assets of the Former Redevelopment Agency
(Continued)**

2017 Tax Allocation Bonds Series A

On September 13, 2017, the Successor Agency for the City of Moreno Valley issued bonds in the amount of \$38,045,000 for the purpose of paying off the remaining portion of the 2007 Moreno Valley Redevelopment Agency Tax Allocation Bonds (\$40,855,000 as of August 1, 2017). These bonds are comprised of both serial and term bonds bearing interest rates ranging from 3.125% to 5%. With a final maturity of August 1, 2038 that bear a true interest cost of 3.057%. These bonds include an optional call provision beginning in 2027. The repayment of this debt will be financed through Tax Increment and has been approved by the California Department of Finance to be included in future Recognized Obligation Payment Schedules (ROPS) submitted by the Successor Agency. This transaction is a current refunding of the outstanding debt, and resulted in an economic gain of \$8 million and a net savings in debt service costs of \$9.2 million.

The annual debt service requirements for the 2017 Tax Allocation Bonds Series A outstanding at June 30, 2020, are as follows:

Year Ending June 30,	2017 Tax Allocation Bonds Series A	
	Principal	Interest
2021	\$ -	\$ 1,506,881
2022	-	1,506,881
2023	-	1,506,881
2024	-	1,506,881
2025	-	1,506,881
2026-2030	10,195,000	6,429,556
2031-2035	14,315,000	3,468,981
2036-2039	13,535,000	860,091
Totals	\$ 38,045,000	\$ 18,293,033

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

**Note 12 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 \$56,338,033 with annual debt service requirements as indicated in the previous chart. 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 \$4,475,374 and the debt service obligation on the bonds was \$2,234,509.

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 11.

b. Commitments and Contingencies

Litigation

At June 30, 2020, 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2020**

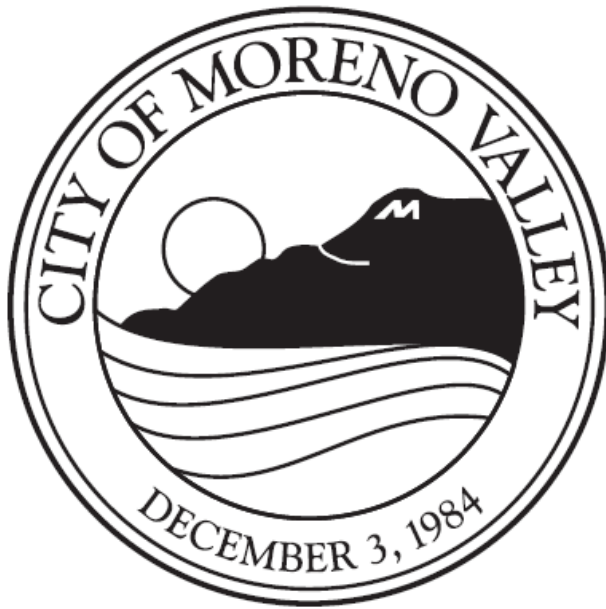
Note 13 Subsequent Events

Debt Issuances

On October 8, 2020, the City of Moreno Valley issued bonds in the amount of \$20,970,000 for the purpose of paying off the remaining portion of the 2013 (\$17,885,000 as of October 8, 2020.). These bonds are comprised of both serial and term bonds bearing interest rates ranging from .435% to 3.238%. With a final maturity of June 1, 2039 they bear a true interest cost of 2.686064%. These bonds include an optional call provision beginning in 2027. The repayment of this debt will be financed through the pledge of the City's Measure A revenues. This transaction is an advance refunding of the outstanding debt, and will result in an economic gain of \$1.3 million and a net savings in debt service costs of \$1.7 million.

COVID-19

The local responses to the COVID-19 pandemic implemented by both the state and county have been a shock to the local economy. In response to the "Safer at Home" executive order issued by the governor, City staff took a proactive approach to address potential revenue impacts. During the last quarter of the fiscal year, City staff prepared a series of cost cutting measures to be prepared for the impact of potential declines in local taxes such as sales tax and transient occupancy tax and the overall effect that the pandemic could have on the local economy due to the broad measures, most notably the impact on jobs. These cost-reducing measures included postponing or cancelling some costs related to non-essential tasks in addition to a reduction in personnel costs through the implementation of a furlough program. The overall impact of the pandemic during FY 2019-20 has been minimal, but as the pandemic stretches into fiscal year 2020-2021, the overall impact on the economy at the local, state and national level has yet to be determined. City staff is closely monitoring the existing economic conditions and its financial effect on the organization and will implement budgetary measures as deemed necessary.



REQUIRED SUPPLEMENTARY
INFORMATION

City of Moreno Valley, California

**Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years***

	Measurement Period ended June 30					
	2014	2015	2016	2017	2018	2019
Total Pension Liability						
Service cost	\$ 4,630,703	\$ 4,122,713	\$ 3,836,160	\$ 4,154,188	\$ 4,096,701	\$ 4,224,541
Interest on total pension liability	11,785,648	12,457,642	12,991,903	13,608,182	14,018,703	14,940,039
Changes in assumptions	—	(3,142,601)	—	11,559,898	(1,695,079)	—
Differences between expected and actual experience	—	(1,159,680)	(2,531,675)	(566,196)	(2,163,560)	3,645,228
Benefit payments, including refunds of employee contributions	(5,670,706)	(6,643,394)	(7,199,811)	(7,770,872)	(8,495,988)	(9,381,500)
Net change in total pension liability	10,745,645	5,634,680	7,096,577	20,985,200	5,760,777	13,428,308
Total pension liability - beginning of year	157,661,972	168,407,617	174,042,297	181,138,874	202,124,074	207,884,851
Total pension liability - end of year (a)	\$ 168,407,617	\$ 174,042,297	\$ 181,138,874	\$ 202,124,074	\$ 207,884,851	\$ 221,313,159
Plan Fiduciary Net Position						
Contributions - employer	\$ 4,620,745	\$ 4,923,787	\$ 5,086,125	\$ 5,743,170	\$ 6,385,610	\$ 7,094,031
Contributions - employee	1,934,518	1,688,857	1,705,426	1,676,844	1,721,640	1,710,075
Net investment income	16,911,034	2,629,698	639,392	13,032,362	11,053,578	9,301,132
Benefit payments	(5,670,706)	(6,643,394)	(7,199,811)	(7,770,872)	(8,495,988)	(9,381,500)
Net Plan to Plan Resource Movement	—	—	—	(7,368)	(323)	0
Administrative expenses	—	(132,025)	(71,338)	(173,057)	(202,130)	(99,759)
Other Miscellaneous Income/(Expense)	—	—	—	—	(383,849)	323
Net change in plan fiduciary net position	17,795,591	2,466,923	159,794	12,501,079	10,078,538	8,624,302
Plan fiduciary net position - beginning of year	96,790,659	114,586,250	117,053,173	117,212,967	129,714,046	139,792,584
Plan fiduciary net position - end of year (b)	\$ 114,586,250	\$ 117,053,173	\$ 117,212,967	\$ 129,714,046	\$ 139,792,584	\$ 148,416,886
Net pension liability - end of year (a)-(b)	\$ 53,821,367	\$ 56,989,124	\$ 63,925,907	\$ 72,410,028	\$ 68,092,267	\$ 72,896,273
Plan fiduciary net position as a percentage of the total pension liability	68.04%	67.26%	64.71%	64.18%	67.25%	67.06%
Covered payroll	\$ 23,278,052	\$ 22,079,654	\$ 20,814,759	\$ 20,793,815	\$ 20,860,026	\$ 21,783,847
Net pension liability as percentage of covered payroll	231.21%	258.11%	307.12%	348.23%	326.42%	334.63%

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, 2018 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumption - None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Historical information is required only for measurement periods where GASB 68 is applicable.

City of Moreno Valley, California

Schedule of Pension Plan Contributions Last Ten Years*

	For the Fiscal Years Ended June 30						
	2014	2015	2016	2017	2018	2019	2020
Actually determined contributions	\$ 4,616,283	\$ 4,919,325	\$ 5,081,663	\$ 5,738,708	\$ 6,385,610	\$ 7,094,031	\$ 7,972,616
Contributions in relation to the actuarially determined contributions	(4,620,745)	(4,923,787)	(5,086,125)	(5,743,170)	(6,385,610)	(7,094,031)	(7,972,616)
Contribution deficiency / (excess)	<u>\$ (4,462)</u>	<u>\$ (4,462)</u>	<u>\$ (4,462)</u>	<u>\$ (4,462)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$23,278,052</u>	<u>\$22,079,654</u>	<u>\$20,814,759</u>	<u>\$20,793,815</u>	<u>\$20,860,026</u>	<u>\$21,783,847</u>	<u>\$24,175,227</u>
Contributions as a percentage of covered payroll	<u>19.85%</u>	<u>22.30%</u>	<u>24.44%</u>	<u>27.62%</u>	<u>30.61%</u>	<u>32.57%</u>	<u>32.98%</u>

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method / Period	For details, see June 30, 2016 Funding Valuation Report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.375%, Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Historical information is required only for measurement periods where GASB 68 is applicable.

City of Moreno Valley, California

**Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years***

	Measurement Period Ended			
	June 30, 2017	June 30, 2018	June 30, 2018 ¹	June 30, 2019
Total OPEB Liability				
Service cost	\$ 397,604	\$ 409,532	\$ -	\$ 360,905
Interest on total OPEB liability	1,103,301	1,149,342	-	1,212,957
Differences between expected and actual experience	-	-	135,598	(200,112)
Changes of Assumptions	-	-	(854,050)	1,961,763
Benefit payments, including refunds of employee contributions	(977,892)	(700,673)	26,466	(689,589)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)
Net change in total OPEB liability	<u>523,013</u>	<u>572,540</u>	<u>(691,986)</u>	<u>2,350,888</u>
Total OPEB liability - beginning of year	<u>16,389,328</u>	<u>16,912,341</u>	<u>17,484,881</u>	<u>16,792,895</u>
Total OPEB liability - end of year (a)	<u>\$ 16,912,341</u>	<u>\$ 17,484,881</u>	<u>\$ 16,792,895</u>	<u>\$ 19,143,783</u>
Plan Fiduciary Net Position				
Net investment income	\$ 1,450,417	\$ 423,688	\$ (72,538)	\$ 670,718
Contributions - employer	1,116,747	642,216	-	661,483
Employer - implicit subsidy	-	285,661	-	295,036
Benefit payments, including refunds of employee contributions	(977,892)	(700,673)	26,466	(689,589)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)
Administrative expenses	(4,601)	(5,244)	(66)	(2,350)
Other Miscellaneous Income/ (Expense)	-	-	-	(10,898)
Net change in plan fiduciary net position	<u>1,584,671</u>	<u>359,987</u>	<u>(46,138)</u>	<u>629,364</u>
Plan fiduciary net position - beginning of year	<u>8,440,888</u>	<u>10,025,559</u>	<u>10,385,546</u>	<u>10,339,408</u>
Plan fiduciary net position - end of year (b)	<u>\$ 10,025,559</u>	<u>\$ 10,385,546</u>	<u>\$ 10,339,408</u>	<u>\$ 10,968,772</u>
Net OPEB liability - end of year (a)-(b)	<u>\$ 6,886,782</u>	<u>\$ 7,099,335</u>	<u>\$ 6,453,487</u>	<u>\$ 8,175,011</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>59.28%</u>	<u>59.40%</u>	<u>61.57%</u>	<u>57.30%</u>
Covered - employee payroll	<u>\$ 20,650,038</u>	<u>\$ 21,269,539</u>	<u>\$ 20,129,158</u>	<u>\$ 20,682,710</u>
Net OPEB liability as percentage of covered-employee payroll	<u>33.35%</u>	<u>33.38%</u>	<u>32.06%</u>	<u>39.53%</u>

Notes to Schedule:

Changes of Assumptions: For measurement period ending June 30, 2019 the discount rate and investment rate of return reduced to 6.17% from 7.28%.

¹ A one time change to the valuation approach was made to bring the census date in line with the measurement date, and to set the report date one year ahead of the measurement date to allow the City to complete reports ahead of the fiscal year.

* Historical information is required only for measurement periods where GASB 75 is applicable. The City adopted GASB 75 for the fiscal year ending June 30, 2017.

City of Moreno Valley, California

**Schedule of Contributions - OPEB
Last Ten Years***

	For the Fiscal Years Ended June 30			
	2017	2018	2019	2020
Actually determined contributions	\$ 642,132	\$ 659,902	\$ -	\$ 908,656
Contributions in relation to the actuarially determined contributions	(1,116,747)	(927,877)	-	(956,519)
Contribution deficiency / (excess)	\$ (474,615)	\$ (267,975)	\$ -	\$ (47,863)
Covered-employee payroll	\$ 20,650,038	\$ 21,269,539	\$ 20,129,158	\$ 20,682,710
Contributions as a percentage of covered-employee payroll	5.41%	4.36%	0.00%	4.62%

Notes to Schedule:

Assumptions and Methods

Actuarial cost method	Entry age normal cost, level percent of pay
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Healthcare trend rates	6.0%, trending down to 3.84%
Rate of return on assets	6.17%
Mortality rate	CalPERS rates
Retirement rates	CalPERS rates

City of Moreno Valley, California

Schedule of Investment Returns - OPEB Last Ten Years*

	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2019</u>	<u>Fiscal Year Ended June 30, 2020</u>
Annual money-weighted rate of return, net of investment expense	9.77%	10.24%	-0.70%	6.72%

Notes: The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).

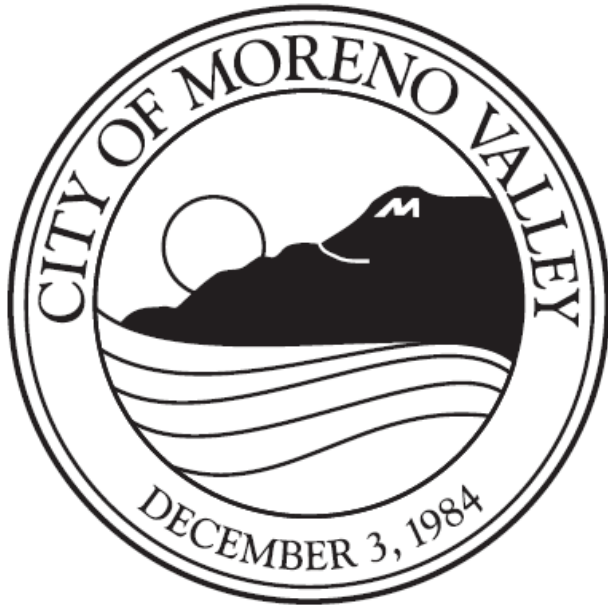
* Historical information is required only for measurement periods where GASB 75 is applicable. The City adopted GASB 75 for the fiscal year ending June 30, 2017.

Supplemental Schedules



comprehensive annual **FINANCIAL** REPORT

FISCAL YEAR ENDED JUNE 30, 2020



City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

State Gasoline Tax Fund

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

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.

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.

Special Districts Administration Fund

This fund is used to account for the coordination and administration of all special financing districts formed to finance the construction of public infrastructure improvements and/or fund the operation and maintenance of public improvements and administered by the City or CSD.

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 providing for routine street sweeping, cleaning of all catch basins, connector pipes and culverts on an annual basis, and by providing emergency services, as needed.

Storm Water Management Fund

This fund is used to account for the city-wide storm water and non-storm water pollution prevention work conducted to comply with regulations set forth by the Federal Clean Water Act and State Water Resources Control Board.

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.

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.

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.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

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.

General Plan Amendments Fund

This fund is used to account for revenues and expenditures related to support future General Plan Amendments.

Quimby In-Lieu Park Fees Fund

This fund is used to account for residential development fees in lieu of land dedication. In accordance with the Quimby Act, a 1965 provision in the State Subdivision Map Act for the dedication of park land. This revenue may be used for the development of parks and recreation facilities, including land acquisition, park improvements and rehabilitation of existing parks and facilities.

CFD No. 2014-01 Fund

This fund is used to account for the maintenance and administrative services related to public landscape maintenance and street lighting for developments that have annexed into the district.

Child Care Grant Fund

This fund is used to account for the Child Care grant program which provides valuable, subsidized, after-school day care services for qualifying City residents year-round. Nutritious meals and snacks are served to the children, and partially reimbursed to the City through participation in the Child and Adult Care Food Program (CACFP).

ASES Program Grant Fund

This fund is used to account for state-funded After School Education & Safety (ASES) program grants which provide expanded learning opportunities in an after-school setting, at no cost. Services are provided to participants from kindergarten through eighth grade. Children are also served a nutritious snack daily.

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 support for convenient used oil collection sites.

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 animal services programs.

Capital Projects Grants Fund

This fund is used to account for capital projects financed by grants.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

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).

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.

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.

Emergency Solutions Grants 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 assist, protect, and improve living conditions for the homeless and to provide homeless prevention services for low-income families.

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.

CAPITAL PROJECTS FUNDS:

Facility Construction Fund

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

Public Works Capital Projects Fund

This fund is used to account for capital projects with co-op and reimbursement agreements with Riverside County Flood Control (RCFC) and Eastern Municipal Water District (EMWD).

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.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS (CONTINUED):

Traffic Signal Mitigation Fund

This fund is used to account for traffic signal projects funded by revenues received from traffic mitigation fees.

Parks and Community Services Development and Capital Projects Fund

This fund is used to account for parks acquisition and development projects, including 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.

DIF Capital Projects Fund

This fund is used to account for construction of capital improvements by the development impact fee (DIF) revenues.

DEBT SERVICE FUNDS:

TRIP COP 13A

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 of 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 of 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.

2011 Private Placement Refunding 97 Lease Revenue 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.

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 may use 85% of the interest earned to sponsor a community event/activity 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.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

PERMANENT FUNDS (CONTINUED):

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 to provide recreational opportunities to the surrounding development areas.

NPDES Endowment Fund

This fund is used to account for the endowment program provided for property owners to facilitate compliance with regulations set forth by the Federal Clean Water Act and State Water Resources Control Board. The principal endowment was provided by a property owner. The interest earned will be used for the benefit of the National Pollutant Discharge Elimination System (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, 2020

Special Revenue Funds

	STATE GASOLINE TAX	MEASURE A	AIR QUALITY MANAGEMENT	SPECIAL DISTRICTS ADMINISTRATION
Assets				
Pooled cash and investments	\$ 6,165,839	\$ 3,516,276	\$ 246,532	\$ 1,822,973
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	550,912	817,531	65,190	-
Prepaid costs	7,500	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	\$ 6,724,251	\$ 4,333,807	\$ 311,722	\$ 1,822,973
Liabilities				
Accounts payable	\$ 358,876	\$ 16,116	\$ -	\$ 5,169
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	358,876	16,116	-	5,169
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	6,365,375	4,317,691	311,722	1,817,804
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed:				
Library development	-	-	-	-
Total Fund Balances	6,365,375	4,317,691	311,722	1,817,804
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 6,724,251	\$ 4,333,807	\$ 311,722	\$ 1,822,973

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds				(Continued)
STORM WATER MAINTENANCE	STORM WATER MANAGEMENT	CFD No. 4-M	PUBLIC EDUCATION GOVERNMENT ACCESS	
\$ 16,918	\$ 1,415,626	\$ 70,584	\$ 840,675	Assets
2,162	644	-	139,300	Pooled cash and investments
-	-	-	-	Receivables:
-	-	-	-	Accounts
253,867	29,641	-	-	Notes and loans
-	-	-	-	Interest
-	-	-	-	Due from other governments
-	-	-	-	Prepaid costs
-	-	-	-	Restricted assets:
-	-	-	-	Cash with fiscal agents
<u>\$ 272,947</u>	<u>\$ 1,445,911</u>	<u>\$ 70,584</u>	<u>\$ 979,975</u>	Total Assets
\$ 8,084	\$ 34,783	\$ 3,748	\$ -	Liabilities
-	-	-	-	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	-	-	-	Due to other funds
-	-	-	-	Due to other governments
<u>8,084</u>	<u>34,783</u>	<u>3,748</u>	<u>-</u>	Total Liabilities
-	-	-	-	Deferred Inflows of Resources
-	-	-	-	Unavailable revenues
-	-	-	-	Total Deferred Inflows of Resources
-	-	-	-	Fund Balances
-	-	-	-	Nonspendable:
-	-	-	-	Permanent fund principal
-	-	-	979,975	Restricted:
264,863	-	66,836	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
-	1,411,128	-	-	Capital projects
-	-	-	-	Water quality
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Committed:
-	-	-	-	Library development
<u>264,863</u>	<u>1,411,128</u>	<u>66,836</u>	<u>979,975</u>	Total Fund Balances
<u>\$ 272,947</u>	<u>\$ 1,445,911</u>	<u>\$ 70,584</u>	<u>\$ 979,975</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balance

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds

	<u>CIVIL PENALTIES</u>	<u>EMERGENCY SERVICES AGENCY FINES</u>	<u>ENERGY EFFICIENCY REVOLVING</u>	<u>GENERAL PLAN AMENDMENTS</u>
Assets				
Pooled cash and investments	\$ 1,690	\$ 534,879	\$ 149,434	\$ 1,423,034
Receivables:				
Accounts	-	83,914	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	<u>\$ 1,690</u>	<u>\$ 618,793</u>	<u>\$ 149,434</u>	<u>\$ 1,423,034</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ 97,628
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,628</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted:				
Community development projects	1,690	-	-	-
Public safety	-	618,793	-	-
Public works	-	-	149,434	1,325,406
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed:				
Library development	-	-	-	-
Total Fund Balances	<u>1,690</u>	<u>618,793</u>	<u>149,434</u>	<u>1,325,406</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,690</u>	<u>\$ 618,793</u>	<u>\$ 149,434</u>	<u>\$ 1,423,034</u>

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds (Continued)

QUIMBY IN-LIEU PARK FEES	CFD No. 2014-01	CHILD CARE GRANT	ASES PROGRAM GRANT	
\$ 1,013,097	\$ 599,357	\$ 74,473	\$ -	Assets
-	-	-	-	Pooled cash and investments
-	-	-	-	Receivables:
-	-	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
-	333	365	612,579	Due from other governments
-	-	-	-	Prepaid costs
-	-	-	-	Restricted assets:
-	-	-	-	Cash with fiscal agents
<u>\$ 1,013,097</u>	<u>\$ 599,690</u>	<u>\$ 74,838</u>	<u>\$ 612,579</u>	Total Assets
				Liabilities
\$ -	\$ 1,166	\$ 27,489	\$ 2,123	Accounts payable
-	-	13,150	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	-	-	580,647	Due to other funds
-	-	25,906	-	Due to other governments
<u>-</u>	<u>1,166</u>	<u>66,545</u>	<u>582,770</u>	Total Liabilities
				Deferred Inflows of Resources
-	-	-	-	Unavailable revenues
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total Deferred Inflows of Resources
				Fund Balances
				Nonspendable:
-	-	-	-	Permanent fund principal
				Restricted:
1,013,097	-	8,293	29,809	Community development projects
-	-	-	-	Public safety
-	598,524	-	-	Public works
-	-	-	-	Capital projects
-	-	-	-	Water quality
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Committed:
-	-	-	-	Library development
<u>1,013,097</u>	<u>598,524</u>	<u>8,293</u>	<u>29,809</u>	Total Fund Balances
<u>\$ 1,013,097</u>	<u>\$ 599,690</u>	<u>\$ 74,838</u>	<u>\$ 612,579</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balance

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Special Revenue Funds			
	USED OIL RECYCLING	OTHER GRANTS	CAPITAL PROJECTS GRANTS	LAW ENFORCEMENT GRANTS
Assets				
Pooled cash and investments	\$ 55,913	\$ -	\$ -	\$ -
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	281,728	994,978	406,339
Prepaid costs	-	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	\$ 55,913	\$ 281,728	\$ 994,978	\$ 406,339
Liabilities				
Accounts payable	\$ -	\$ 33,795	\$ 137,761	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	55,913	138,010	-	-
Due to other funds	-	109,923	559,678	406,339
Due to other governments	-	-	-	-
Total Liabilities	55,913	281,728	697,439	406,339
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	297,539	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed:				
Library development	-	-	-	-
Total Fund Balances	-	-	297,539	-
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 55,913	\$ 281,728	\$ 994,978	\$ 406,339

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Special Revenue Funds (Continued)

HOME	COMM DEVELOPMENT BLOCK GRANT	EMERGENCY SOLUTIONS GRANT	ARTICLE 3 TRANSPORTATION	
\$ 467,451	\$ -	\$ -	\$ -	Assets
-	-	-	-	Pooled cash and investments
6,995,749	-	-	-	Receivables:
646,396	-	-	-	Accounts
68,500	1,015,774	44,203	906	Notes and loans
-	-	-	-	Interest
-	-	-	-	Due from other governments
-	-	-	-	Prepaid costs
-	-	-	-	Restricted assets:
-	-	-	-	Cash with fiscal agents
<u>\$ 8,178,096</u>	<u>\$ 1,015,774</u>	<u>\$ 44,203</u>	<u>\$ 906</u>	Total Assets
\$ 109,181	\$ 178,929	\$ 34,070	\$ -	Liabilities
-	-	-	-	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	836,845	10,133	906	Due to other funds
-	-	-	-	Due to other governments
<u>109,181</u>	<u>1,015,774</u>	<u>44,203</u>	<u>906</u>	Total Liabilities
2,148,810	-	-	-	Deferred Inflows of Resources
<u>2,148,810</u>	-	-	-	Unavailable revenues
				Total Deferred Inflows of Resources
-	-	-	-	Fund Balances
5,920,105	-	-	-	Nonspendable:
-	-	-	-	Permanent fund principal
-	-	-	-	Restricted:
-	-	-	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
-	-	-	-	Capital projects
-	-	-	-	Water quality
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	-	Committed:
-	-	-	-	Library development
<u>5,920,105</u>	-	-	-	Total Fund Balances
<u>\$ 8,178,096</u>	<u>\$ 1,015,774</u>	<u>\$ 44,203</u>	<u>\$ 906</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balance

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Capital Project Funds			
	FACILITY CONSTRUCTION	PUBLIC WORKS CAPITAL PROJECTS	TUMF CAPITAL PROJECTS	TRAFFIC SIGNAL MITIGATION
Assets				
Pooled cash and investments	\$ 16,367,728	\$ 918,887	\$ -	\$ 334,697
Receivables:				
Accounts	-	2,914	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	3,493,500	440,000	341,492	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash with fiscal agents	-	-	-	-
Total Assets	\$ 19,861,228	\$ 1,361,801	\$ 341,492	\$ 334,697
Liabilities				
Accounts payable	\$ 1,028,723	\$ 7,749	\$ 5,386	\$ 620
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	336,106	-
Due to other governments	-	-	-	-
Total Liabilities	1,028,723	7,749	341,492	620
Deferred Inflows of Resources				
Unavailable revenues	3,493,500	-	-	-
Total Deferred Inflows of Resources	3,493,500	-	-	-
Fund Balances				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	7,571,005	1,354,052	-	334,077
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed:				
Library development	7,768,000	-	-	-
Total Fund Balances	15,339,005	1,354,052	-	334,077
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 19,861,228	\$ 1,361,801	\$ 341,492	\$ 334,697

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Capital Project Funds		Debt Service Funds (Continued)		
PARKS AND COMMUNITY SERVICES DEVELOPMENT CAPITAL PROJECTS	DIF CAPITAL PROJECTS	TRIP COP 13A	2013 REFUNDING OF 2005 LRB	
\$ 1,718,524	\$ 2,827,558	\$ -	\$ -	Assets
-	-	-	-	Pooled cash and investments
-	-	-	-	Receivables:
-	-	-	-	Accounts
-	-	-	-	Notes and loans
-	-	-	-	Interest
-	-	-	-	Due from other governments
-	-	-	-	Prepaid costs
-	-	2,895	4	Restricted assets:
-	-	-	-	Cash with fiscal agents
<u>\$ 1,718,524</u>	<u>\$ 2,827,558</u>	<u>\$ 2,895</u>	<u>\$ 4</u>	Total Assets
\$ 1,305	\$ 48,339	\$ -	\$ -	Liabilities
-	-	-	-	Accounts payable
-	-	-	-	Accrued liabilities
-	-	-	-	Unearned revenues
-	-	-	-	Due to other funds
-	-	-	-	Due to other governments
<u>1,305</u>	<u>48,339</u>	<u>-</u>	<u>-</u>	Total Liabilities
-	-	-	-	Deferred Inflows of Resources
-	-	-	-	Unavailable revenues
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	Total Deferred Inflows of Resources
-	-	-	-	Fund Balances
-	-	-	-	Nonspendable:
-	-	-	-	Permanent fund principal
-	-	-	-	Restricted:
-	-	-	-	Community development projects
-	-	-	-	Public safety
-	-	-	-	Public works
1,717,219	2,779,219	-	-	Capital projects
-	-	-	-	Water quality
-	-	2,895	4	Debt service
-	-	-	-	Endowment
-	-	-	-	Committed:
-	-	-	-	Library development
<u>1,717,219</u>	<u>2,779,219</u>	<u>2,895</u>	<u>4</u>	Total Fund Balances
<u>\$ 1,718,524</u>	<u>\$ 2,827,558</u>	<u>\$ 2,895</u>	<u>\$ 4</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balance

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

	Debt Service Funds		Permanent Funds	
	2014 REFUNDING OF 2005 LRB	2011 PRIV PLACE REF 97 LRBS	CELEBRATION PARK ENDOWMENT	EQUESTRIAN TRAIL ENDOWMENT
Assets				
Pooled cash and investments	\$ 6,018,289	\$ -	\$ 53,376	\$ 11,288
Receivables:				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid costs	-	-	-	-
Restricted assets:				
Cash with fiscal agents	19	-	-	-
Total Assets	<u>\$ 6,018,308</u>	<u>\$ -</u>	<u>\$ 53,376</u>	<u>\$ 11,288</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable:				
Permanent fund principal	-	-	49,050	10,000
Restricted:				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	6,018,308	-	-	-
Endowment	-	-	4,326	1,288
Committed:				
Library development	-	-	-	-
Total Fund Balances	<u>6,018,308</u>	<u>-</u>	<u>53,376</u>	<u>11,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 6,018,308</u>	<u>\$ -</u>	<u>\$ 53,376</u>	<u>\$ 11,288</u>

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020

Permanent Funds				
ROCKRIDGE PARK ENDOWMENT	NPDES ENDOWMENT	CULTURAL PRESERVATION	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
\$ 115,517	\$ 34,451	\$ 131,122	\$ 46,946,188	Assets
-	-	-	228,934	Pooled cash and investments
-	-	-	6,995,749	Receivables:
-	-	-	646,396	Accounts
-	-	-	9,417,838	Notes and loans
-	-	-	7,500	Interest
-	-	-	2,918	Due from other governments
-	-	-	-	Prepaid costs
-	-	-	-	Restricted assets:
-	-	-	-	Cash with fiscal agents
<u>\$ 115,517</u>	<u>\$ 34,451</u>	<u>\$ 131,122</u>	<u>\$ 64,245,523</u>	Total Assets
\$ -	\$ -	\$ -	\$ 2,141,040	Liabilities
-	-	-	13,150	Accounts payable
-	-	-	193,923	Accrued liabilities
-	-	-	2,840,577	Unearned revenues
-	-	-	25,906	Due to other funds
-	-	-	-	Due to other governments
-	-	-	<u>5,214,596</u>	Total Liabilities
-	-	-	5,642,310	Deferred Inflows of Resources
-	-	-	-	Unavailable revenues
-	-	-	<u>5,642,310</u>	Total Deferred Inflows of Resources
100,000	14,506	114,542	288,098	Fund Balances
-	-	-	7,952,969	Nonspendable:
-	-	-	618,793	Permanent fund principal
-	-	-	15,217,655	Restricted:
-	-	-	14,053,111	Community development projects
-	-	-	1,411,128	Public safety
-	-	-	6,021,207	Public works
15,517	19,945	16,580	57,656	Capital projects
-	-	-	-	Water quality
-	-	-	-	Debt service
-	-	-	-	Endowment
-	-	-	7,768,000	Committed:
<u>115,517</u>	<u>34,451</u>	<u>131,122</u>	<u>53,388,617</u>	Library development
<u>\$ 115,517</u>	<u>\$ 34,451</u>	<u>\$ 131,122</u>	<u>\$ 64,245,523</u>	Total Fund Balances
				Total Liabilities, Deferred Inflows of Resources and Fund Balance

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Special Revenue Funds			
	STATE GASOLINE TAX	MEASURE A	AIR QUALITY MANAGEMENT	SPECIAL DISTRICTS ADMINISTRATION
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	8,334,236	4,245,773	261,787	-
Fees and charges for services	1,770	-	-	636,333
Use of money and property	-	27,276	4,665	71,827
Miscellaneous	21,277	354	-	-
Total Revenues	8,357,283	4,273,403	266,452	708,160
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	3,284,558	1,890,976	242,681	735,464
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	3,774,804	227,707	35,741	-
Total Expenditures	7,059,362	2,118,683	278,422	735,464
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	1,297,921	2,154,720	(11,970)	(27,304)
Other Financing Sources (Uses)				
Transfers in (note 7)	8,633	143,073	-	-
Transfers out (note 7)	(50,000)	(1,549,322)	-	-
Transfers from Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	(41,367)	(1,406,249)	-	-
Net Change in Fund Balances	1,256,554	748,471	(11,970)	(27,304)
Fund Balances				
Fund balances - Beginning of Year	5,108,821	3,569,220	323,692	1,845,108
Fund balances - End of Year	\$ 6,365,375	\$ 4,317,691	\$ 311,722	\$ 1,817,804

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds (Continued)

STORM WATER MAINTENANCE	STORM WATER MANAGEMENT	CFD No. 4-M	PUBLIC EDUCATION GOVERNMENT ACCESS	
				Revenues
				Taxes:
\$ -	\$ -	\$ -	\$ -	Other taxes
-	-	-	-	Intergovernmental
505,923	669,634	28,136	-	Fees and charges for services
-	-	2,871	-	Use of money and property
-	16,961	-	585,438	Miscellaneous
<u>505,923</u>	<u>686,595</u>	<u>31,007</u>	<u>585,438</u>	Total Revenues
				Expenditures
				Current:
-	-	-	601,118	General government
-	-	-	-	Public safety
-	-	-	-	Community and economic development
-	-	-	-	Community and cultural
514,688	626,111	35,463	-	Public works
-	-	-	-	Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
-	-	-	-	Capital outlay
<u>514,688</u>	<u>626,111</u>	<u>35,463</u>	<u>601,118</u>	Total Expenditures
<u>(8,765)</u>	<u>60,484</u>	<u>(4,456)</u>	<u>(15,680)</u>	Excess (Deficiency) of Revenues Over (Under) Expenditures
				Other Financing Sources (Uses)
50,000	223	-	-	Transfers in (note 7)
-	-	-	-	Transfers out (note 7)
-	-	-	-	Transfers from Successor Agency
<u>50,000</u>	<u>223</u>	<u>-</u>	<u>-</u>	Total Other Financing Sources (Uses)
41,235	60,707	(4,456)	(15,680)	Net Change in Fund Balances
				Fund Balances
223,628	1,350,421	71,292	995,655	Fund balances - Beginning of Year
<u>\$ 264,863</u>	<u>\$ 1,411,128</u>	<u>\$ 66,836</u>	<u>\$ 979,975</u>	Fund balances - End of Year

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds

	CIVIL PENALTIES	EMERGENCY SERVICES AGENCY FINES	ENERGY EFFICIENCY REVOLVING	GENERAL PLAN AMENDMENTS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	83,914	-	-
Fees and charges for services	-	-	-	-
Use of money and property	-	22,514	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	106,428	-	-
Expenditures				
Current:				
General government	1,466	-	-	-
Public safety	-	75,768	-	-
Community and economic development	-	-	-	624,594
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	30,307	-	-
Total Expenditures	1,466	106,075	-	624,594
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,466)	353	-	(624,594)
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(1,466)	353	-	(624,594)
Fund Balances				
Fund balances - Beginning of Year	3,156	618,440	149,434	1,950,000
Fund balances - End of Year	\$ 1,690	\$ 618,793	\$ 149,434	\$ 1,325,406

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds (Continued)

QUIMBY IN-LIEU PARK FEES	CFD No. 2014-01	CHILD CARE GRANT	ASES PROGRAM GRANT	
\$ -	\$ 168,469	\$ -	\$ -	Revenues
-	-	815,583	8,167,723	Taxes:
585,794	5,700	11,991	-	Other taxes
31,178	9,641	-	-	Intergovernmental
-	-	-	-	Fees and charges for services
<u>616,972</u>	<u>183,810</u>	<u>827,574</u>	<u>8,167,723</u>	Use of money and property
				Miscellaneous
				Total Revenues
				Expenditures
				Current:
-	-	-	-	General government
-	-	-	-	Public safety
-	-	-	-	Community and economic development
-	-	827,574	8,174,490	Community and cultural
-	79,428	-	-	Public works
-	-	-	-	Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
-	-	-	-	Capital outlay
<u>-</u>	<u>79,428</u>	<u>827,574</u>	<u>8,174,490</u>	Total Expenditures
<u>616,972</u>	<u>104,382</u>	<u>-</u>	<u>(6,767)</u>	Excess (Deficiency) of Revenues Over (Under)
				Expenditures
				Other Financing Sources (Uses)
-	-	184	-	Transfers in (note 7)
(770,000)	(1,990)	-	-	Transfers out (note 7)
-	-	-	-	Transfers from Successor Agency
<u>(770,000)</u>	<u>(1,990)</u>	<u>184</u>	<u>-</u>	Total Other Financing Sources (Uses)
(153,028)	102,392	184	(6,767)	Net Change in Fund Balances
				Fund Balances
1,166,125	496,132	8,109	36,576	Fund balances - Beginning of Year
<u>\$ 1,013,097</u>	<u>\$ 598,524</u>	<u>\$ 8,293</u>	<u>\$ 29,809</u>	Fund balances - End of Year

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds

	USED OIL RECYCLING	OTHER GRANTS	CAPITAL PROJECTS GRANTS	LAW ENFORCEMENT GRANTS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	55,263	519,744	2,380,450	678,697
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	5,554	-
Total Revenues	55,263	519,744	2,386,004	678,697
Expenditures				
Current:				
General government	-	49,158	-	-
Public safety	-	67,837	-	492,230
Community and economic development	-	94,224	-	186,467
Community and cultural	-	328,213	-	-
Public works	55,263	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	2,647,604	-
Total Expenditures	55,263	539,432	2,647,604	678,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(19,688)	(261,600)	-
Other Financing Sources (Uses)				
Transfers in (note 7)	-	19,688	-	-
Transfers out (note 7)	-	-	(5,287)	-
Transfers from Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	-	19,688	(5,287)	-
Net Change in Fund Balances	-	-	(266,887)	-
Fund Balances				
Fund balances - Beginning of Year	-	-	564,426	-
Fund balances - End of Year	\$ -	\$ -	\$ 297,539	\$ -

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Special Revenue Funds (Continued)

HOME	COMMUNITY DEVELOPMENT BLOCK GRANT	EMERGENCY SOLUTIONS GRANT	ARTICLE 3 TRANSPORTATION	
				Revenues
				Taxes:
\$ -	\$ -	\$ -	\$ -	Other taxes
287,463	4,310,158	105,952	906	Intergovernmental
-	-	-	-	Fees and charges for services
45,116	-	-	-	Use of money and property
-	-	-	-	Miscellaneous
<u>332,579</u>	<u>4,310,158</u>	<u>105,952</u>	<u>906</u>	Total Revenues
				Expenditures
				Current:
-	-	-	-	General government
-	70,178	-	-	Public safety
389,511	830,486	105,952	-	Community and economic development
-	375,288	-	-	Community and cultural
-	-	-	-	Public works
				Debt service:
-	-	-	-	Principal retirement
-	-	-	-	Interest and fiscal charges
-	3,034,206	-	906	Capital outlay
<u>389,511</u>	<u>4,310,158</u>	<u>105,952</u>	<u>906</u>	Total Expenditures
				Excess (Deficiency) of Revenues Over (Under)
<u>(56,932)</u>	-	-	-	Expenditures
				Other Financing Sources (Uses)
263,000	-	-	-	Transfers in (note 7)
-	-	-	-	Transfers out (note 7)
-	-	-	-	Transfers from Successor Agency
<u>263,000</u>	-	-	-	Total Other Financing Sources (Uses)
206,068	-	-	-	Net Change in Fund Balances
				Fund Balances
5,714,037	-	-	-	Fund balances - Beginning of Year
<u>\$ 5,920,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Fund balances - End of Year

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Capital Project Funds			
	FACILITY CONSTRUCTION	PUBLIC WORKS CAPITAL PROJECTS	TUMF CAPITAL PROJECTS	TRAFFIC SIGNAL MITIGATION
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,000,000	440,000	1,236,543	-
Fees and charges for services	72,615	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	2,913	-	-
Total Revenues	1,072,615	442,913	1,236,543	-
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	3,122,192	522,387	1,038,337	5,207
Total Expenditures	3,122,192	522,387	1,038,337	5,207
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(2,049,577)	(79,474)	198,206	(5,207)
Other Financing Sources (Uses)				
Transfers in (note 7)	6,501,242	476,589	-	56,121
Transfers out (note 7)	(5,302,570)	(56,121)	-	-
Transfers from Successor Agency	-	-	-	-
Total Other Financing Sources (Uses)	1,198,672	420,468	-	56,121
Net Change in Fund Balances	(850,905)	340,994	198,206	50,914
Fund Balances				
Fund balances - Beginning of Year	16,189,910	1,013,058	(198,206)	283,163
Fund balances - End of Year	\$ 15,339,005	\$ 1,354,052	\$ -	\$ 334,077

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Capital Project Funds		Debt Service Funds (Continued)		
PARKS AND COMMUNITY SERVICES DEVELOPMENT CAPITAL PROJECTS	DIF CAPITAL PROJECTS	TRIP COP 13A	2013 REFUNDING OF 2005 LRB	
\$ -	\$ -	\$ -	\$ -	Revenues
-	-	-	-	Taxes:
-	-	-	-	Other taxes
-	-	-	-	Intergovernmental
-	-	514	512	Fees and charges for services
-	-	-	-	Use of money and property
-	-	-	-	Miscellaneous
<u>-</u>	<u>-</u>	<u>514</u>	<u>512</u>	Total Revenues
				Expenditures
-	-	-	-	Current:
-	-	-	-	General government
-	-	-	-	Public safety
-	-	-	-	Community and economic development
-	-	-	-	Community and cultural
-	-	5,968	1,952	Public works
-	-	570,000	1,256,000	Debt service:
-	-	914,063	238,026	Principal retirement
102,025	1,806,759	-	-	Interest and fiscal charges
<u>102,025</u>	<u>1,806,759</u>	<u>1,490,031</u>	<u>1,495,978</u>	Capital outlay
				Total Expenditures
<u>(102,025)</u>	<u>(1,806,759)</u>	<u>(1,489,517)</u>	<u>(1,495,466)</u>	Excess (Deficiency) of Revenues Over (Under)
				Expenditures
				Other Financing Sources (Uses)
770,000	872,000	1,488,566	1,495,188	Transfers in (note 7)
(1,209,140)	(12,158)	-	-	Transfers out (note 7)
-	-	-	-	Transfers from Successor Agency
<u>(439,140)</u>	<u>859,842</u>	<u>1,488,566</u>	<u>1,495,188</u>	Total Other Financing Sources (Uses)
(541,165)	(946,917)	(951)	(278)	Net Change in Fund Balances
				Fund Balances
2,258,384	3,726,136	3,846	282	Fund balances - Beginning of Year
<u>\$ 1,717,219</u>	<u>\$ 2,779,219</u>	<u>\$ 2,895</u>	<u>\$ 4</u>	Fund balances - End of Year

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

	Debt Service Funds		Permanent Funds	
	2014 REFUNDING OF 2005 LRB	2011 PRIV PLACE REF 97 LRBS	CELEBRATION PARK ENDOWMENT	EQUESTRIAN TRAIL ENDOWMENT
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	204	-	2,047	105
Miscellaneous	-	-	-	-
Total Revenues	204	-	2,047	105
Expenditures				
Current:				
General government	3,788	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	291,000	-	-
Interest and fiscal charges	1,009,332	43,760	-	-
Capital outlay	-	-	-	-
Total Expenditures	1,013,120	334,760	-	-
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,012,916)	(334,760)	2,047	105
Other Financing Sources (Uses)				
Transfers in (note 7)	1,011,951	184,760	-	-
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	150,000	-	-
Total Other Financing Sources (Uses)	1,011,951	334,760	-	-
Net Change in Fund Balances	(965)	-	2,047	105
Fund Balances				
Fund balances - Beginning of Year	6,019,273	-	51,329	11,183
Fund balances - End of Year	\$ 6,018,308	\$ -	\$ 53,376	\$ 11,288

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2020

Permanent Funds				
ROCKRIDGE PARK ENDOWMENT	NPDES ENDOWMENT	CULTURAL PRESERVATION	TOTAL NONMAJOR GOVERNMENTAL FUNDS	
\$ -	\$ -	\$ -	\$ 168,469	Revenues
-	-	-	32,924,192	Taxes:
-	-	-	2,517,896	Other taxes
4,807	1,064	4,968	229,309	Intergovernmental
-	-	-	632,497	Fees and charges for services
<u>4,807</u>	<u>1,064</u>	<u>4,968</u>	<u>36,472,363</u>	Use of money and property
				Miscellaneous
				Total Revenues
				Expenditures
				Current:
-	-	-	655,530	General government
-	-	-	706,013	Public safety
-	-	-	2,231,234	Community and economic development
3,857	-	-	9,709,422	Community and cultural
-	-	-	7,472,552	Public works
-	-	-	2,117,000	Debt service:
-	-	-	2,205,181	Principal retirement
-	-	-	16,348,182	Interest and fiscal charges
<u>3,857</u>	<u>-</u>	<u>-</u>	<u>41,445,114</u>	Capital outlay
				Total Expenditures
				Excess (Deficiency) of Revenues Over (Under)
<u>950</u>	<u>1,064</u>	<u>4,968</u>	<u>(4,972,751)</u>	Expenditures
				Other Financing Sources (Uses)
-	0	-	13,341,218	Transfers in (note 7)
-	(223)	-	(8,956,811)	Transfers out (note 7)
-	-	-	150,000	Transfers from Successor Agency
<u>-</u>	<u>(223)</u>	<u>-</u>	<u>4,534,407</u>	Total Other Financing Sources (Uses)
950	841	4,968	(438,344)	Net Change in Fund Balances
114,567	33,610	126,154	53,826,961	Fund Balances
<u>\$ 115,517</u>	<u>\$ 34,451</u>	<u>\$ 131,122</u>	<u>\$ 53,388,617</u>	Fund balances - Beginning of Year
				Fund balances - End of Year

City of Moreno Valley, California

**STATE GASOLINE TAX
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,934,305	\$ 8,298,965	\$ 8,334,236	\$ 35,271
Fees and charges for services	-	-	1,770	1,770
Use of money and property	1,000	-	-	-
Miscellaneous	1,000	1,000	21,277	20,277
Total Revenues	7,936,305	8,299,965	8,357,283	57,318
Expenditures				
Current:				
Public works	4,542,888	3,965,089	3,284,558	680,531
Capital outlay	3,687,992	8,170,818	3,774,804	4,396,014
Total Expenditures	8,230,880	12,135,907	7,059,362	5,076,545
Excess (Deficiency) of Revenues Over (Under) Expenditures	(294,575)	(3,835,942)	1,297,921	5,133,863
Other Financing Sources (Uses)				
Transfers in (note 7)	326,000	344,000	8,633	(335,367)
Transfers out (note 7)	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	276,000	294,000	(41,367)	(335,367)
Net Change in Fund Balances	(18,575)	(3,541,942)	1,256,554	4,798,496
Fund balances - Beginning of year	5,108,821	5,108,821	5,108,821	-
Fund balances - End of year	\$ 5,090,246	\$ 1,566,879	\$ 6,365,375	\$ 4,798,496

City of Moreno Valley, California

MEASURE A
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 4,106,000	\$ 3,918,000	\$ 4,245,773	\$ 327,773
Use of money and property	80,000	80,000	27,276	(52,724)
Miscellaneous	10,000	10,000	354	(9,646)
Total Revenues	4,196,000	4,008,000	4,273,403	265,403
Expenditures				
Current:				
Public works	2,086,868	2,086,868	1,890,976	195,892
Capital outlay	-	1,024,928	227,707	797,221
Total Expenditures	2,086,868	3,111,796	2,118,683	993,113
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,109,132	896,204	2,154,720	1,258,516
Other Financing Sources (Uses)				
Transfers in (note 7)	-	143,073	143,073	-
Transfers out (note 7)	(2,545,000)	(1,550,756)	(1,549,322)	1,434
Total Other Financing Sources (Uses)	(2,545,000)	(1,407,683)	(1,406,249)	1,434
Net Change in Fund Balances	(435,868)	(511,479)	748,471	1,259,950
Fund balances - Beginning of year	3,569,220	3,569,220	3,569,220	-
Fund balances - End of year	\$ 3,133,352	\$ 3,057,741	\$ 4,317,691	\$ 1,259,950

City of Moreno Valley, California

**AIR QUALITY MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 220,000	\$ 220,000	\$ 261,787	\$ 41,787
Use of money and property	2,500	2,500	4,665	2,165
Miscellaneous	-	-	-	-
Total Revenues	222,500	222,500	266,452	43,952
Expenditures				
Current:				
Public works	244,650	244,650	242,681	1,969
Capital outlay	30,000	133,425	35,741	97,684
Total Expenditures	274,650	378,075	278,422	99,653
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,150)	(155,575)	(11,970)	143,605
Net Change in Fund Balances	(52,150)	(155,575)	(11,970)	143,605
Fund balances - Beginning of year	323,692	323,692	323,692	-
Fund balances - End of year	\$ 271,542	\$ 168,117	\$ 311,722	\$ 143,605

City of Moreno Valley, California

**SPECIAL DISTRICTS ADMINISTRATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 695,846	\$ 695,846	\$ 636,333	\$ (59,513)
Use of money and property	16,000	16,000	71,827	55,827
Miscellaneous	-	-	-	-
Total Revenues	711,846	711,846	708,160	(3,686)
Expenditures				
Current:				
Public works	800,839	812,166	735,464	76,702
Total Expenditures	800,839	812,166	735,464	76,702
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,993)	(100,320)	(27,304)	73,016
Net Change in Fund Balances	(88,993)	(100,320)	(27,304)	73,016
Fund balances - Beginning of year	1,845,108	1,845,108	1,845,108	-
Fund balances - End of year	\$ 1,756,115	\$ 1,744,788	\$ 1,817,804	\$ 73,016

City of Moreno Valley, California

STORM WATER MAINTENANCE
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 390,000	\$ 390,000	\$ 505,923	\$ 115,923
Total Revenues	390,000	390,000	505,923	115,923
Expenditures				
Current:				
Public works	505,448	505,448	514,688	(9,240)
Total Expenditures	505,448	505,448	514,688	(9,240)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(115,448)	(115,448)	(8,765)	106,683
Other Financing Sources (Uses)				
Transfers in (note 7)	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-
Net Change in Fund Balances	(65,448)	(65,448)	41,235	106,683
Fund balances - Beginning of year	223,628	223,628	223,628	-
Fund balances - End of year	\$ 158,180	\$ 158,180	\$ 264,863	\$ 106,683

City of Moreno Valley, California

**STORM WATER MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 740,504	\$ 740,504	\$ 669,634	\$ (70,870)
Miscellaneous	-	-	16,961	16,961
Total Revenues	740,504	740,504	686,595	(53,909)
Expenditures				
Current:				
Public works	674,121	674,121	626,111	48,010
Capital outlay	80,000	80,000	-	80,000
Total Expenditures	754,121	754,121	626,111	128,010
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,617)	(13,617)	60,484	74,101
Other Financing Sources (Uses)				
Transfers in (note 7)	223	223	223	-
Total Other Financing Sources (Uses)	223	223	223	-
Net Change in Fund Balances	(13,394)	(13,394)	60,707	74,101
Fund balances - Beginning of year	1,350,421	1,350,421	1,350,421	-
Fund balances - End of year	\$ 1,337,027	\$ 1,337,027	\$ 1,411,128	\$ 74,101

City of Moreno Valley, California

CFD No. 4-M
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 41,400	\$ 41,400	\$ 28,136	\$ (13,264)
Use of money and property	81	81	2,871	2,790
Total Revenues	41,481	41,481	31,007	(10,474)
Expenditures				
Current:				
Public works	33,815	33,815	35,463	(1,648)
Total Expenditures	33,815	33,815	35,463	(1,648)
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,666	7,666	(4,456)	(12,122)
Net Change in Fund Balances	7,666	7,666	(4,456)	(12,122)
Fund balances - Beginning of year	71,292	71,292	71,292	-
Fund balances - End of year	\$ 78,958	\$ 78,958	\$ 66,836	\$ (12,122)

City of Moreno Valley, California

PUBLIC EDUCATION GOVERNMENT ACCESS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ 565,000	\$ 565,000	\$ 585,438	\$ 20,438
Total Revenues	565,000	565,000	585,438	20,438
Expenditures				
Current:				
General government	574,712	574,712	601,118	(26,406)
Total Expenditures	574,712	574,712	601,118	(26,406)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,712)	(9,712)	(15,680)	(5,968)
Net Change in Fund Balances	(9,712)	(9,712)	(15,680)	(5,968)
Fund balances - Beginning of year	995,655	995,655	995,655	-
Fund balances - End of year	\$ 985,943	\$ 985,943	\$ 979,975	\$ (5,968)

City of Moreno Valley, California

CIVIL PENALTIES
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 5,000	\$ -	\$ -	\$ -
Total Revenues	5,000	-	-	-
Expenditures				
Current:				
General government	46,466	1,466	1,466	-
Total Expenditures	46,466	1,466	1,466	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,466)	(1,466)	(1,466)	-
Net Change in Fund Balances	(41,466)	(1,466)	(1,466)	-
Fund balances - Beginning of year	3,156	3,156	3,156	-
Fund balances - End of year	\$ (38,310)	\$ 1,690	\$ 1,690	\$ -

City of Moreno Valley, California

EMERGENCY SERVICES AGENCY FINES
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 83,914	\$ 3,914
Use of money and property	10,000	10,000	22,514	12,514
Total Revenues	90,000	90,000	106,428	16,428
Expenditures				
Current:				
Public Safety	77,600	77,600	75,768	1,832
Capital outlay	12,400	12,400	30,307	(17,907)
Total Expenditures	90,000	90,000	106,075	(16,075)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	353	353
Net Change in Fund Balances	-	-	353	353
Fund balances - Beginning of year	618,440	618,440	618,440	-
Fund balances - End of year	\$ 618,440	\$ 618,440	\$ 618,793	\$ 353

City of Moreno Valley, California

**ENERGY EFFICIENCY REVOLVING
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total Revenues	10,000	10,000	-	(10,000)
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	10,000	10,000	-	(10,000)
Net Change in Fund Balances	10,000	10,000	-	(10,000)
Fund balances - Beginning of year	149,434	149,434	149,434	-
Fund balances - End of year	\$ 159,434	\$ 159,434	\$ 149,434	\$ (10,000)

City of Moreno Valley, California

**GENERAL PLAN AMENDMENTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Current:				
Community and economic development	\$ 1,750,000	\$ 1,950,000	\$ 624,594	\$ 1,325,406
Total Expenditures	1,750,000	1,950,000	624,594	1,325,406
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	(1,750,000)	(1,950,000)	(624,594)	1,325,406
Net Change in Fund Balances	(1,750,000)	(1,950,000)	(624,594)	1,325,406
Fund balances - Beginning of year	1,950,000	1,950,000	1,950,000	-
Fund balances - End of year	\$ 200,000	\$ -	\$ 1,325,406	\$ 1,325,406

City of Moreno Valley, California

QUIMBY IN-LIEU PARK FEES
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 300,000	\$ 300,000	\$ 585,794	\$ 285,794
Use of money and property	19,000	19,000	31,178	12,178
Total Revenues	319,000	319,000	616,972	297,972
Excess (Deficiency) of Revenues Over (Under) Expenditures	319,000	319,000	616,972	297,972
Other Financing Sources (Uses)				
Transfers out (note 7)	(750,000)	(770,000)	(770,000)	-
Total Other Financing Sources (Uses)	(750,000)	(770,000)	(770,000)	-
Net Change in Fund Balances	(431,000)	(451,000)	(153,028)	297,972
Fund balances - Beginning of year	1,166,125	1,166,125	1,166,125	-
Fund balances - End of year	\$ 735,125	\$ 715,125	\$ 1,013,097	\$ 297,972

City of Moreno Valley, California

CFD No. 2014-01
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Other taxes	\$ 213,000	\$ 168,476	\$ 168,469	\$ (7)
Fees and charges for services	40,000	40,000	5,700	(34,300)
Use of money and property	3,810	3,810	9,641	5,831
Total Revenues	256,810	212,286	183,810	(28,476)
Expenditures				
Current:				
Public works	196,403	196,436	79,428	117,008
Total Expenditures	196,403	196,436	79,428	117,008
Excess (Deficiency) of Revenues Over (Under) Expenditures	60,407	15,850	104,382	88,532
Other Financing Sources (Uses)				
Transfers out (note 7)	(1,990)	(1,990)	(1,990)	-
Total Other Financing Sources (Uses)	(1,990)	(1,990)	(1,990)	-
Net Change in Fund Balances	58,417	13,860	102,392	88,532
Fund balances - Beginning of year	496,132	496,132	496,132	-
Fund balances - End of year	\$ 554,549	\$ 509,992	\$ 598,524	\$ 88,532

City of Moreno Valley, California

CHILD CARE GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 833,340	\$ 859,041	\$ 815,583	\$ (43,458)
Fees and charges for services	10,000	10,000	11,991	1,991
Miscellaneous	750	750	-	(750)
Total Revenues	844,090	869,791	827,574	(42,217)
Expenditures				
Current:				
Community and cultural	844,090	869,791	827,574	42,217
Total Expenditures	844,090	869,791	827,574	42,217
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers in (note 7)	-	184	184	-
Total Other Financing Sources (Uses)	-	184	184	-
Net Change in Fund Balances	-	184	184	-
Fund balances - Beginning of year	8,109	8,109	8,109	-
Fund balances - End of year	\$ 8,109	\$ 8,293	\$ 8,293	\$ -

City of Moreno Valley, California

**ASES PROGRAM GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 7,534,800	\$ 8,167,722	\$ 8,167,723	\$ 1
Total Revenues	7,534,800	8,167,722	8,167,723	1
Expenditures				
Current:				
Community and cultural	7,534,800	8,167,722	8,174,490	(6,768)
Total Expenditures	7,534,800	8,167,722	8,174,490	(6,768)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(6,767)	(6,767)
Net Change in Fund Balances	-	-	(6,767)	(6,767)
Fund balances - Beginning of year	36,576	36,576	36,576	-
Fund balances - End of year	\$ 36,576	\$ 36,576	\$ 29,809	\$ (6,767)

City of Moreno Valley, California

USED OIL RECYCLING
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 101,245	\$ 64,888	\$ 55,263	\$ (9,625)
Total Revenues	101,245	64,888	55,263	(9,625)
Expenditures				
Current:				
Public works	58,174	64,888	55,263	9,625
Total Expenditures	58,174	64,888	55,263	9,625
Excess (Deficiency) of Revenues Over (Under)				
Expenditures	43,071	-	-	-
Net Change in Fund Balances	43,071	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ 43,071	\$ -	\$ -	\$ -

City of Moreno Valley, California

OTHER GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 178,729	\$ 1,397,405	\$ 519,744	\$ (877,661)
Total Revenues	178,729	1,397,405	519,744	(877,661)
Expenditures				
Current:				
General government	40,790	52,724	49,158	3,566
Public Safety	-	150,582	67,837	82,745
Public works	11,934	-	-	-
Community and economic development	-	768,037	94,224	673,813
Community and cultural	105,750	420,750	328,213	92,537
Capital outlay	-	25,000	-	25,000
Total Expenditures	158,474	1,417,093	539,432	877,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	20,255	(19,688)	(19,688)	-
Other Financing Sources (Uses)				
Transfers in (note 7)	-	19,688	19,688	-
Total Other Financing Sources (Uses)	-	19,688	19,688	-
Net Change in Fund Balances	20,255	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ 20,255	\$ -	\$ -	\$ -

City of Moreno Valley, California

CAPITAL PROJECTS GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 18,853,958	\$ 30,772,261	\$ 2,380,450	\$ (28,391,811)
Miscellaneous	-	-	5,554	5,554
Total Revenues	18,853,958	30,772,261	2,386,004	(28,386,257)
Expenditures				
Capital outlay	18,853,958	31,041,531	2,647,604	28,393,927
Total Expenditures	18,853,958	31,041,531	2,647,604	28,393,927
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(269,270)	(261,600)	7,670
Other Financing Sources (Uses)				
Transfers out (note 7)	-	(5,287)	(5,287)	-
Total Other Financing Sources (Uses)	-	(5,287)	(5,287)	-
Net Change in Fund Balances	-	(274,557)	(266,887)	7,670
Fund balances - Beginning of year	564,426	564,426	564,426	-
Fund balances - End of year	\$ 564,426	\$ 289,869	\$ 297,539	\$ 7,670

City of Moreno Valley, California

LAW ENFORCEMENT GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 347,438	\$ 779,926	\$ 678,697	\$ (101,229)
Total Revenues	347,438	779,926	678,697	(101,229)
Expenditures				
Current:				
Public Safety	347,438	492,230	492,230	-
Community and economic development	-	277,696	186,467	91,229
Capital outlay	-	10,000	-	10,000
Total Expenditures	347,438	779,926	678,697	101,229
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California

HOME
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 781,612	\$ 1,819,469	\$ 287,463	\$ (1,532,006)
Use of money and property	-	-	45,116	45,116
Total Revenues	781,612	1,819,469	332,579	(1,486,890)
Expenditures				
Current:				
Community and economic development	801,612	2,082,469	389,511	1,692,958
Total Expenditures	801,612	2,082,469	389,511	1,692,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,000)	(263,000)	(56,932)	206,068
Other Financing Sources (Uses)				
Transfers in (note 7)	-	263,000	263,000	-
Total Other Financing Sources (Uses)	-	263,000	263,000	-
Net Change in Fund Balances	(20,000)	-	206,068	206,068
Fund balances - Beginning of year	5,714,037	5,714,037	5,714,037	-
Fund balances - End of year	\$ 5,694,037	\$ 5,714,037	\$ 5,920,105	\$ 206,068

City of Moreno Valley, California

COMMUNITY DEVELOPMENT BLOCK GRANT
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,205,308	\$ 7,588,685	\$ 4,310,158	\$ (3,278,527)
Total Revenues	2,205,308	7,588,685	4,310,158	(3,278,527)
Expenditures				
Current:				
Public Safety	-	70,177	70,178	(1)
Community and economic development	893,144	1,858,420	830,486	1,027,934
Community and cultural	-	375,288	375,288	-
Capital outlay	2,437,866	5,284,800	3,034,206	2,250,594
Total Expenditures	3,331,010	7,588,685	4,310,158	3,278,527
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,125,702)	-	-	-
Net Change in Fund Balances	(1,125,702)	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ (1,125,702)	\$ -	\$ -	\$ -

City of Moreno Valley, California

**EMERGENCY SOLUTIONS GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 183,462	\$ 829,553	\$ 105,952	\$ (723,601)
Total Revenues	183,462	829,553	105,952	(723,601)
Expenditures				
Current:				
Community and economic development	183,462	829,553	105,952	723,601
Total Expenditures	183,462	829,553	105,952	723,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California

ARTICLE 3 TRANSPORTATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 720,000	\$ 906	\$ (719,094)
Total Revenues	<u>-</u>	<u>720,000</u>	<u>906</u>	<u>(719,094)</u>
Expenditures				
Capital outlay	-	720,000	906	719,094
Total Expenditures	<u>-</u>	<u>720,000</u>	<u>906</u>	<u>719,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-
Net Change in Fund Balances	-	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Moreno Valley, California

FACILITY CONSTRUCTION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -
Fees and charges for services	-	-	72,615	72,615
Total Revenues	1,000,000	1,000,000	1,072,615	72,615
Expenditures				
Capital outlay	1,447,000	10,194,107	3,122,192	7,071,915
Total Expenditures	1,447,000	10,194,107	3,122,192	7,071,915
Excess (Deficiency) of Revenues Over (Under) Expenditures	(447,000)	(9,194,107)	(2,049,577)	7,144,530
Other Financing Sources (Uses)				
Transfers in (note 7)	1,447,000	6,501,242	6,501,242	-
Transfers out (note 7)	-	(5,302,570)	(5,302,570)	-
Total Other Financing Sources (Uses)	1,447,000	1,198,672	1,198,672	-
Net Change in Fund Balances	1,000,000	(7,995,435)	(850,905)	7,144,530
Fund balances - Beginning of year	16,189,910	16,189,910	16,189,910	-
Fund balances - End of year	\$ 17,189,910	\$ 8,194,475	\$ 15,339,005	\$ 7,144,530

City of Moreno Valley, California

PUBLIC WORKS CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 351,995	\$ 914,387	\$ 440,000	\$ (474,387)
Miscellaneous	-	-	2,913	2,913
Total Revenues	351,995	914,387	442,913	(471,474)
Expenditures				
Capital outlay	320,512	1,710,029	522,387	1,187,642
Total Expenditures	320,512	1,710,029	522,387	1,187,642
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,483	(795,642)	(79,474)	716,168
Other Financing Sources (Uses)				
Transfers in (note 7)	-	476,589	476,589	-
Transfers out (note 7)	-	(56,121)	(56,121)	-
Total Other Financing Sources (Uses)	-	420,468	420,468	-
Net Change in Fund Balances	31,483	(375,174)	340,994	716,168
Fund balances - Beginning of year	1,013,058	1,013,058	1,013,058	-
Fund balances - End of year	\$ 1,044,541	\$ 637,884	\$ 1,354,052	\$ 716,168

City of Moreno Valley, California

TUMF CAPITAL PROJECTS
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,500,000	\$ 4,357,083	\$ 1,236,543	\$ (3,120,540)
Total Revenues	2,500,000	4,357,083	1,236,543	(3,120,540)
Expenditures				
Capital outlay	2,500,000	4,158,877	1,038,337	3,120,540
Total Expenditures	2,500,000	4,158,877	1,038,337	3,120,540
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	198,206	198,206	-
Net Change in Fund Balances	-	198,206	198,206	-
Fund balances - Beginning of year	(198,206)	(198,206)	(198,206)	-
Fund balances - End of year	\$ (198,206)	\$ -	\$ -	\$ -

City of Moreno Valley, California

TRAFFIC SIGNAL MITIGATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ -	\$ 40,000	\$ -	\$ (40,000)
Total Revenues	-	40,000	-	(40,000)
Expenditures				
Capital outlay	-	84,927	5,207	79,720
Total Expenditures	-	84,927	5,207	79,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(44,927)	(5,207)	39,720
Other Financing Sources (Uses)				
Transfers in (note 7)	-	56,121	56,121	-
Total Other Financing Sources (Uses)	-	56,121	56,121	-
Net Change in Fund Balances	-	11,194	50,914	39,720
Fund balances - Beginning of year	283,163	283,163	283,163	-
Fund balances - End of year	\$ 283,163	\$ 294,357	\$ 334,077	\$ 39,720

City of Moreno Valley, California

PARKS AND COMMUNITY SERVICES DEVELOPMENT CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Capital outlay	\$ 750,000	\$ 1,819,241	\$ 102,025	\$ 1,717,216
Total Expenditures	750,000	1,819,241	102,025	1,717,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	(750,000)	(1,819,241)	(102,025)	1,717,216
Other Financing Sources (Uses)				
Transfers in (note 7)	750,000	770,000	770,000	-
Transfers out (note 7)	-	(1,209,140)	(1,209,140)	-
Total Other Financing Sources (Uses)	750,000	(439,140)	(439,140)	-
Net Change in Fund Balances	-	(2,258,381)	(541,165)	1,717,216
Fund balances - Beginning of year	2,258,384	2,258,384	2,258,384	-
Fund balances - End of year	\$ 2,258,384	\$ 3	\$ 1,717,219	\$ 1,717,216

City of Moreno Valley, California

DIF CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Capital outlay	\$ 390,000	\$ 4,585,975	\$ 1,806,759	\$ 2,779,216
Total Expenditures	390,000	4,585,975	1,806,759	2,779,216
Excess (Deficiency) of Revenues Over (Under) Expenditures	(390,000)	(4,585,975)	(1,806,759)	2,779,216
Other Financing Sources (Uses)				
Transfers in (note 7)	390,000	872,000	872,000	-
Transfers out (note 7)	-	(12,158)	(12,158)	-
Total Other Financing Sources (Uses)	390,000	859,842	859,842	-
Net Change in Fund Balances	-	(3,726,133)	(946,917)	2,779,216
Fund balances - Beginning of year	3,726,136	3,726,136	3,726,136	-
Fund balances - End of year	\$ 3,726,136	\$ 3	\$ 2,779,219	\$ 2,779,216

City of Moreno Valley, California

TRIP COP 13A
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 514	\$ 514
Total Revenues	-	-	514	514
Expenditures				
Current:				
Public works	5,800	5,800	5,968	(168)
Debt service:				
Principal retirement	570,000	570,000	570,000	-
Interest	914,063	914,063	914,063	-
Total Expenditures	1,489,863	1,489,863	1,490,031	(168)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,489,863)	(1,489,863)	(1,489,517)	346
Other Financing Sources (Uses)				
Transfers in (note 7)	1,490,000	1,490,000	1,488,566	(1,434)
Total Other Financing Sources (Uses)	1,490,000	1,490,000	1,488,566	(1,434)
Net Change in Fund Balances	137	137	(951)	(1,088)
Fund balances - Beginning of year	3,846	3,846	3,846	-
Fund balances - End of year	\$ 3,983	\$ 3,983	\$ 2,895	\$ (1,088)

City of Moreno Valley, California

2013 REFUNDING OF 2005 LEASE REVENUE BONDS
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 512	\$ 512
Total Revenues	-	-	512	512
Expenditures				
Current:				
Public works	2,169	2,169	1,952	217
Debt service:				
Principal retirement	1,256,000	1,256,000	1,256,000	-
Interest	238,100	238,100	238,026	74
Total Expenditures	1,496,269	1,496,269	1,495,978	291
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,496,269)	(1,496,269)	(1,495,466)	803
Other Financing Sources (Uses)				
Transfers in (note 7)	1,496,197	1,496,197	1,495,188	(1,009)
Total Other Financing Sources (Uses)	1,496,197	1,496,197	1,495,188	(1,009)
Net Change in Fund Balances	(72)	(72)	(278)	(206)
Fund balances - Beginning of year	282	282	282	-
Fund balances - End of year	\$ 210	\$ 210	\$ 4	\$ (206)

City of Moreno Valley, California

2014 REFUNDING OF 2005 LEASE REVENUE BONDS
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 204	\$ 204
Total Revenues	-	-	204	204
Expenditures				
Current:				
General government	2,617	2,627	3,788	(1,161)
Debt service:				
Interest	1,009,333	1,009,333	1,009,332	1
Total Expenditures	1,011,950	1,011,960	1,013,120	(1,160)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,011,950)	(1,011,960)	(1,012,916)	(956)
Other Financing Sources (Uses)				
Transfers in (note 7)	1,011,951	1,011,951	1,011,951	-
Total Other Financing Sources (Uses)	1,011,951	1,011,951	1,011,951	-
Net Change in Fund Balances	1	(9)	(965)	(956)
Fund balances - Beginning of year	6,019,273	6,019,273	6,019,273	-
Fund balances - End of year	\$ 6,019,274	\$ 6,019,264	\$ 6,018,308	\$ (956)

City of Moreno Valley, California

2011 PRIVATE PLACEMENT REFUNDING OF 97 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service:				
Principal retirement	\$ 291,000	\$ 291,000	\$ 291,000	\$ -
Interest	43,761	43,761	43,760	1
Total Expenditures	334,761	334,761	334,760	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	(334,761)	(334,761)	(334,760)	1
Other Financing Sources (Uses)				
Transfers in (note 7)	184,761	184,761	184,760	(1)
Transfers from Successor Agency	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	334,761	334,761	334,760	(1)
Net Change in Fund Balances	-	-	-	-
Fund balances - Beginning of year	-	-	-	-
Fund balances - End of year	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California

**CELEBRATION PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,000	\$ 1,000	\$ 2,047	\$ 1,047
Total Revenues	1,000	1,000	2,047	1,047
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,000	1,000	2,047	1,047
Net Change in Fund Balances	1,000	1,000	2,047	1,047
Fund balances - Beginning of year	51,329	51,329	51,329	-
Fund balances - End of year	\$ 52,329	\$ 52,329	\$ 53,376	\$ 1,047

City of Moreno Valley, California

**EQUESTRIAN TRAIL ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 200	\$ 200	\$ 105	\$ (95)
Total Revenues	200	200	105	(95)
Expenditures				
Current:				
Community and cultural	200	200	-	200
Total Expenditures	200	200	-	200
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	105	105
Net Change in Fund Balances	-	-	105	105
Fund balances - Beginning of year	11,183	11,183	11,183	-
Fund balances - End of year	\$ 11,183	\$ 11,183	\$ 11,288	\$ 105

City of Moreno Valley, California

ROCKRIDGE PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,800	\$ 1,800	\$ 4,807	\$ 3,007
Total Revenues	1,800	1,800	4,807	3,007
Expenditures				
Current:				
Community and cultural	-	10,000	3,857	6,143
Total Expenditures	-	10,000	3,857	6,143
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,800	(8,200)	950	9,150
Other Financing Sources (Uses)				
Transfers out (note 7)	(10,000)	-	-	-
Total Other Financing Sources (Uses)	(10,000)	-	-	-
Net Change in Fund Balances	(8,200)	(8,200)	950	9,150
Fund balances - Beginning of year	114,567	114,567	114,567	-
Fund balances - End of year	\$ 106,367	\$ 106,367	\$ 115,517	\$ 9,150

City of Moreno Valley, California

**NPDES ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 250	\$ 250	\$ 1,064	\$ 814
Total Revenues	250	250	1,064	814
Excess (Deficiency) of Revenues Over (Under) Expenditures	250	250	1,064	814
Other Financing Sources (Uses)				
Transfers out (note 7)	(223)	(223)	(223)	-
Total Other Financing Sources (Uses)	(223)	(223)	(223)	-
Net Change in Fund Balances	27	27	841	814
Fund balances - Beginning of year	33,610	33,610	33,610	-
Fund balances - End of year	\$ 33,637	\$ 33,637	\$ 34,451	\$ 814

City of Moreno Valley, California

CULTURAL PRESERVATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,600	\$ 1,600	\$ 4,968	\$ 3,368
Total Revenues	1,600	1,600	4,968	3,368
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,600	1,600	4,968	3,368
Net Change in Fund Balances	1,600	1,600	4,968	3,368
Fund balances - Beginning of year	126,154	126,154	126,154	-
Fund balances - End of year	\$ 127,754	\$ 127,754	\$ 131,122	\$ 3,368

City of Moreno Valley, California

INTERNAL SERVICE FUNDS

General Liability Insurance Fund

This fund is used to account for the costs of maintaining the City's general liability insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

Workers' Compensation Insurance Fund

This fund is used to account for the costs of maintaining the City worker's compensation insurance program, on a reimbursement basis through charges to benefiting funds; and maintaining responsible reserves based on current actuarial assumptions.

Technology Services Fund

This fund is used to account for the costs of maintaining and replacing the City's information systems including major software, hardware, radios, telephones, and the City's backbone telecommunications infrastructure. The fund recovers costs through charges to benefiting funds.

Facilities Maintenance Fund

This fund is used to account for the costs of maintaining all City-owned and leased buildings. Its user charges include the recovery of both depreciation on the City Hall building and debt service on the 1997 variable rate Certificates of Participation originally issued in 1995 to finance the acquisition of the building.

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 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, 2020

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
Assets				
Current:				
Pooled cash and investments	\$ 2,201,636	\$ 3,584,856	\$ 9,663,848	\$ 7,907,038
Receivables:				
Accounts	-	-	-	67
Prepaid costs	-	-	14,700	3,491
Inventories	-	-	-	21,146
Total Current Assets	2,201,636	3,584,856	9,678,548	7,931,742
Noncurrent:				
Capital assets - net of accumulated depreciation	-	-	1,861,232	9,942,675
Total Noncurrent Assets	-	-	1,861,232	9,942,675
Total Assets	2,201,636	3,584,856	11,539,780	17,874,417
Liabilities				
Current:				
Accounts payable	51,581	2,640	-	104,096
Compensated absences	13,321	-	-	107,347
Self-insurance payable	462,000	318,000	-	-
Total Current Liabilities	526,902	320,640	-	211,443
Noncurrent:				
Compensated absences	8,880	-	-	71,565
Self-insurance payable	567,000	1,100,000	-	-
Total Noncurrent Liabilities	575,880	1,100,000	-	71,565
Total Liabilities	1,102,782	1,420,640	-	283,008
Net Position				
Net investment in capital assets	-	-	1,861,232	9,942,675
Unrestricted	1,098,854	2,164,216	9,678,548	7,648,734
Total Net Position	\$ 1,098,854	\$ 2,164,216	\$ 11,539,780	\$ 17,591,409

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2020

<u>FLEET OPERATIONS</u>	<u>EQUIPMENT REPLACEMENT RESERVE</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>	
\$ 5,678,964	\$ 13,457,190	\$ 3,813,042	\$ 46,306,574	Assets
-	-	-	67	Current:
-	-	-	18,191	Pooled cash and investments
6,895	-	-	28,041	Receivables:
<u>5,685,859</u>	<u>13,457,190</u>	<u>3,813,042</u>	<u>46,352,873</u>	Accounts
				Prepaid costs
				Inventories
				Total Current Assets
				Noncurrent:
151,683	-	-	11,955,590	Capital assets - net of accumulated
<u>151,683</u>	<u>-</u>	<u>-</u>	<u>11,955,590</u>	depreciation
<u>5,837,542</u>	<u>13,457,190</u>	<u>3,813,042</u>	<u>58,308,463</u>	Total Noncurrent Assets
				Total Assets
				Liabilities
				Current:
16,512	-	-	174,829	Accounts payable
41,343	-	-	162,011	Compensated absences
-	-	-	780,000	Self-insurance payable
<u>57,855</u>	<u>-</u>	<u>-</u>	<u>1,116,840</u>	Total Current Liabilities
				Noncurrent:
27,562	-	-	108,007	Compensated absences
-	-	-	1,667,000	Self-insurance payable
<u>27,562</u>	<u>-</u>	<u>-</u>	<u>1,775,007</u>	Total Noncurrent Liabilities
<u>85,417</u>	<u>-</u>	<u>-</u>	<u>2,891,847</u>	Total Liabilities
				Net Position
151,683	-	-	11,955,590	Net investment in capital assets
5,600,442	13,457,190	3,813,042	43,461,026	Unrestricted
<u>\$ 5,752,125</u>	<u>\$ 13,457,190</u>	<u>\$ 3,813,042</u>	<u>\$ 55,416,616</u>	Total Net Position

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
Operating Revenues				
Sales and service charges	\$ 1,087,131	\$ 485,953	\$ -	\$ 4,044,474
Miscellaneous	14,906	1,480	-	328
Total Operating Revenues	1,102,037	487,433	-	4,044,802
Operating Expenses				
Cost of services	424,015	127,654	234,712	3,835,913
Depreciation expense	-	-	400,921	474,826
Self-insurance claims and charges	1,126,083	715,314	-	-
Total Operating Expenses	1,550,098	842,968	635,633	4,310,739
Operating Income (Loss)	(448,061)	(355,535)	(635,633)	(265,937)
Nonoperating Revenues (Expenses)				
Gain (loss) on disposal of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-	-
Income (Loss) Before Contributions and Transfers	(448,061)	(355,535)	(635,633)	(265,937)
Transfers in	-	500,000	1,338,074	1,818,157
Transfers out	-	-	-	-
Change in Net Position	(448,061)	144,465	702,441	1,552,220
Total Net Position - Beginning of Year	1,546,915	2,019,751	10,837,339	16,039,189
Total Net Position - End of Year	\$ 1,098,854	\$ 2,164,216	\$ 11,539,780	\$ 17,591,409

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

<u>FLEET OPERATIONS</u>	<u>EQUIPMENT REPLACEMENT RESERVE</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>	
\$ 2,011,385	\$ 375,659	\$ -	\$ 8,004,602	Operating Revenues
-	-	-	16,714	Sales and service charges
2,011,385	375,659	-	8,021,316	Miscellaneous
				Total Operating Revenues
				Operating Expenses
1,153,821	-	-	5,776,115	Cost of services
59,252	-	-	934,999	Depreciation expense
-	-	-	1,841,397	Self-insurance claims and charges
1,213,073	-	-	8,552,511	Total Operating Expenses
798,312	375,659	-	(531,195)	Operating Income (Loss)
				Nonoperating Revenues (Expenses)
161,415	25,958	-	187,373	Gain (loss) on disposal of capital assets
161,415	25,958	-	187,373	Total Nonoperating Revenues (Expenses)
959,727	401,617	-	(343,822)	Income (Loss) Before Contributions and Transfers
45,000	-	1,000,000	4,701,231	Transfers in
-	(1,121,000)	-	(1,121,000)	Transfers out
1,004,727	(719,383)	1,000,000	3,236,409	Change in Net Position
4,747,398	14,176,573	2,813,042	52,180,207	Total Net Position - Beginning of Year
\$ 5,752,125	\$ 13,457,190	\$ 3,813,042	\$ 55,416,616	Total Net Position - End of Year

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 1,102,036	\$ 487,434	\$ -	\$ 4,044,788
Payments to suppliers	(221,054)	(73,459)	(280,150)	(3,081,203)
Payments to employees	(318,504)	(53,876)	-	(888,226)
Cash paid for claims	(810,083)	(591,314)	-	-
Net cash provided (used) by operating activities	(247,605)	(231,215)	(280,150)	75,359
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash transfers in	-	500,000	1,338,074	1,818,157
Cash transfers out	-	-	-	-
Net cash provided (used) by noncapital financing activities	-	500,000	1,338,074	1,818,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	-	(160,928)	(13,972)
Proceeds from the sale or disposition of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	(160,928)	(13,972)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash provided (used) by investing activities	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(247,605)	268,785	896,996	1,879,544
Balances - beginning of year	2,449,241	3,316,071	8,766,852	6,027,494
Balances - end of the year	\$ 2,201,636	\$ 3,584,856	\$ 9,663,848	\$ 7,907,038
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ (448,061)	\$ (355,535)	\$ (635,633)	\$ (265,937)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	400,921	474,826
Changes in assets and liabilities:				
Customer Receivables	-	-	-	(13)
Prepaid Cost	-	-	(14,700)	1,097
Inventory	-	-	-	(3,186)
Accounts Payable - Supplier	(67,217)	320	(30,738)	(176,043)
Self Insurance Payable	316,000	124,000	-	-
Compensated absences	(48,327)	-	-	44,615
Net cash provided (used) by operating activities	\$ (247,605)	\$ (231,215)	\$ (280,150)	\$ 75,359

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

<u>FLEET OPERATIONS</u>	<u>EQUIPMENT REPLACEMENT RESERVE</u>	<u>COMPENSATED ABSENCES</u>	<u>TOTAL</u>
\$ 2,011,386	\$ 375,659	\$ -	\$ 8,021,303
(663,954)	-	-	(4,319,820)
(485,789)	-	-	(1,746,395)
-	-	-	(1,401,397)
<u>861,643</u>	<u>375,659</u>	<u>-</u>	<u>553,691</u>
45,000	-	1,000,000	4,701,231
-	(1,121,000)	-	(1,121,000)
<u>45,000</u>	<u>(1,121,000)</u>	<u>1,000,000</u>	<u>3,580,231</u>
(111,455)	-	-	(286,355)
161,415	25,958	-	187,373
<u>49,960</u>	<u>25,958</u>	<u>-</u>	<u>(98,982)</u>
-	-	-	-
<u>956,603</u>	<u>(719,383)</u>	<u>1,000,000</u>	<u>4,034,940</u>
4,722,361	14,176,573	2,813,042	42,271,634
<u>\$ 5,678,964</u>	<u>\$ 13,457,190</u>	<u>\$ 3,813,042</u>	<u>\$ 46,306,574</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers
Payments to suppliers
Payments to employees
Cash paid for claims
Net cash provided (used) by operating activities

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash transfers in
Cash transfers out
Net cash provided (used) by noncapital financing activities

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets
Proceeds from the sale or disposition of capital assets
Net cash provided (used) by capital and related financing activities

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash provided (used) by investing activities
Net increase (decrease) in cash and cash equivalents
Balances - beginning of year
Balances - end of the year

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

\$ 798,312	\$ 375,659	\$ -	\$ (531,195)
59,252	-	-	934,999
-	-	-	(13)
-	-	-	(13,603)
2,806	-	-	(380)
(18,886)	-	-	(292,564)
-	-	-	440,000
20,159	-	-	16,447
<u>\$ 861,643</u>	<u>\$ 375,659</u>	<u>\$ -</u>	<u>\$ 553,691</u>

Operating Income (loss)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
Depreciation
Changes in assets and liabilities:
Customer Receivables
Prepaid Cost
Inventory
Accounts Payable - Supplier
Self Insurance Payable
Compensated absences
Net cash provided (used) by operating activities

City of Moreno Valley, California

AGENCY FUNDS

Deposit Liability Fund

This fund is used to account for miscellaneous deposits collected by the City.

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.

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.

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.

2007 Towngate Improvement Refunding

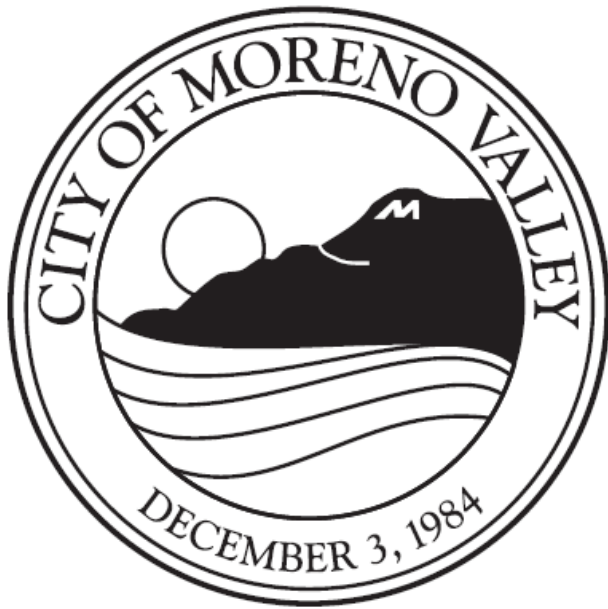
This fund is used to account for the collection of the special tax and the transfer of special tax funds to the trustee for the payment of principal, interest, and trustee and administrative costs related to the Improvement Area No. 1 Special Tax Refunding Bonds issued November 29, 2007.

2007 Towngate Refunding

This fund is used to account for the collection of the special tax and the transfer of special tax funds to the trustee for the payment of principal, interest and trustee and administrative costs related to the Special Tax Refunding Bonds issued November 29, 2007.

IA1 CFD #7

This fund is used to account for the collection of the special tax and the transfer of special tax funds to the trustee for the payment of principal, interest and trustee and administrative costs related to the Community Facilities District 7 Improvement Area #1 Special Tax Bonds issued August 2016.



City of Moreno Valley, California

Combining Balance Sheet
All Agency Funds
June 30, 2020

	<u>Deposit Liability</u>	<u>TUMF Trust</u>	<u>MSHCP Trust</u>	<u>Moreno Valley Foundation Donations</u>	<u>Arts Commission</u>
Assets:					
Current:					
Pooled cash and investments	\$ 6,094,061	\$ -	\$ 80,068	\$ 221,650	\$ 1,423
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Restricted Assets:					
Cash with fiscal agents	-	-	-	-	-
Total Assets	<u>\$ 6,094,061</u>	<u>\$ -</u>	<u>\$ 80,068</u>	<u>\$ 221,650</u>	<u>\$ 1,423</u>
Liabilities:					
Current:					
Accounts payable	\$ 32,877	\$ -	\$ 80,068	\$ -	\$ -
Deposits payable	6,061,184	-	-	-	-
Payable to trustee	-	-	-	221,650	1,423
Total Liabilities	<u>\$ 6,094,061</u>	<u>\$ -</u>	<u>\$ 80,068</u>	<u>\$ 221,650</u>	<u>\$ 1,423</u>

City of Moreno Valley, California

Combining Balance Sheet
All Agency Funds
June 30, 2020

<u>CFD # 5 Stoneridge</u>	<u>2007 Towngate Improvement Refunding</u>	<u>2007 Towngate Refunding</u>	<u>IA1 CFD # 7</u>	<u>Total</u>
\$ 21,108	\$ 86,246	\$ 196,330	\$ 2,250	\$ 6,703,136
-	-	-	-	-
3,941	9,296	-	-	13,237
<u>810,647</u>	<u>694,049</u>	<u>2,379,472</u>	<u>382,805</u>	<u>4,266,973</u>
<u>\$ 835,696</u>	<u>\$ 789,591</u>	<u>\$ 2,575,802</u>	<u>\$ 385,055</u>	<u>\$ 10,983,346</u>
\$ -	\$ -	\$ -	\$ -	\$ 112,945
-	-	-	-	6,061,184
<u>835,696</u>	<u>789,591</u>	<u>2,575,802</u>	<u>385,055</u>	<u>4,809,217</u>
<u>\$ 835,696</u>	<u>\$ 789,591</u>	<u>\$ 2,575,802</u>	<u>\$ 385,055</u>	<u>\$ 10,983,346</u>

Assets:

Current:

Pooled cash and investments
Accounts receivable
Due from other governments
Restricted Assets:
Cash with fiscal agents

Total Assets

Liabilities:

Current:

Accounts payable
Deposits payable
Payable to trustee

Total Liabilities

City of Moreno Valley, California

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Deposit Liability</u>				
Assets:				
Pooled cash and investments	\$ 6,561,312	1,446,824	1,914,075	\$ 6,094,061
Accounts receivable	20,000	27,758	47,758	-
Total Assets	\$ 6,581,312	1,474,582	1,961,833	\$ 6,094,061
Liabilities:				
Accounts payable	\$ 40,940	1,106,948	1,115,011	\$ 32,877
Deposits payable	6,540,372	367,634	846,822	6,061,184
Total Liabilities	\$ 6,581,312	1,474,582	1,961,833	\$ 6,094,061
<u>TUMF Trust</u>				
Assets:				
Pooled cash and investments	\$ 97,603	1,378,852	1,476,455	\$ -
Total Assets	\$ 97,603	1,378,852	1,476,455	\$ -
Liabilities:				
Accounts payable	\$ 97,603	1,378,852	1,476,455	\$ -
Total Liabilities	\$ 97,603	1,378,852	1,476,455	\$ -
<u>MSHCP Trust</u>				
Assets:				
Pooled cash and investments	\$ 56,808	962,161	938,901	\$ 80,068
Total Assets	\$ 56,808	962,161	938,901	\$ 80,068
Liabilities:				
Accounts payable	\$ 56,808	962,161	938,901	\$ 80,068
Total Liabilities	\$ 56,808	962,161	938,901	\$ 80,068
<u>Moreno Valley Foundation Donations</u>				
Assets:				
Pooled cash and investments	\$ 221,650	30,868	30,868	\$ 221,650
Total Assets	\$ 221,650	30,868	30,868	\$ 221,650
Liabilities:				
Payable to trustee	\$ 221,650	-	-	\$ 221,650
Total Liabilities	\$ 221,650	-	-	\$ 221,650

City of Moreno Valley, California

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>Arts Commission</u>				
Assets:				
Pooled cash and investments	\$ 1,423	-	-	\$ 1,423
Total Assets	\$ 1,423	-	-	\$ 1,423
Liabilities:				
Payable to trustee	\$ 1,423	-	-	\$ 1,423
Total Liabilities	\$ 1,423	-	-	\$ 1,423
<u>CFD # 5 Stoneridge</u>				
Assets:				
Pooled cash and investments	\$ 21,108	494,234	494,234	\$ 21,108
Due from other governments	27,185	3,941	27,185	3,941
Restricted assets:				
Cash with fiscal agents	790,706	457,088	437,147	810,647
Total Assets	\$ 838,999	951,322	931,381	\$ 835,696
Liabilities:				
Payable to trustee	\$ 838,999	-	3,303	\$ 835,696
Total Liabilities	\$ 838,999	-	3,303	\$ 835,696
<u>2007 Towngate Improvement Refunding</u>				
Assets:				
Pooled cash and investments	\$ 88,022	376,777	378,553	\$ 86,246
Due from other governments	4,185	9,296	4,185	9,296
Restricted assets:				
Cash with fiscal agents	700,324	375,514	381,789	694,049
Total Assets	\$ 792,531	752,291	760,342	\$ 789,591
Liabilities:				
Payable to trustee	\$ 792,531	-	2,940	\$ 789,591
Total Liabilities	\$ 792,531	-	2,940	\$ 789,591

City of Moreno Valley, California

Combining Statement of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<u>2007 Towngate Refunding</u>				
Assets:				
Pooled cash and investments	\$ 195,829	884,162	883,661	\$ 196,330
Restricted assets:				
Cash with fiscal agents	2,759,092	792,746	1,172,366	2,379,472
Total Assets	\$ 2,954,921	1,676,908	2,056,027	\$ 2,575,802
Liabilities:				
Payable to trustee	\$ 2,954,921	-	379,119	\$ 2,575,802
Total Liabilities	\$ 2,954,921	-	379,119	\$ 2,575,802
<u>IA1 CFD #7</u>				
Assets:				
Pooled cash and investments	\$ 2,250	32,450	32,450	\$ 2,250
Restricted assets:				
Cash with fiscal agents	574,925	11,190	203,310	382,805
Total Assets	\$ 577,175	43,640	235,760	\$ 385,055
Liabilities:				
Payable to trustee	\$ 577,175	-	192,120	\$ 385,055
Total Liabilities	\$ 577,175	-	192,120	\$ 385,055
<u>Totals - All Agency Funds</u>				
Assets:				
Pooled cash and investments	\$ 7,246,005	5,606,329	6,149,198	\$ 6,703,136
Accounts receivable	20,000	27,758	47,758	-
Due from other governments	31,370	13,237	31,370	13,237
Restricted assets:				
Cash with fiscal agents	4,825,047	1,636,538	2,194,612	4,266,973
Total Assets	\$ 12,122,422	7,283,862	8,422,938	\$ 10,983,346
Liabilities:				
Accounts payable	\$ 195,351	3,447,961	3,530,367	\$ 112,945
Deposits payable	6,540,372	367,634	846,822	6,061,184
Payable to trustee	5,386,699	-	577,482	4,809,217
Total Liabilities	\$ 12,122,422	3,815,595	4,954,671	\$ 10,983,346

Statistical Section



comprehensive annual **FINANCIAL** REPORT

FISCAL YEAR ENDED JUNE 30, 2020

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.

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Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its key revenues.

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Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and help make comparisons over time and with other governments.

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Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Moreno Valley
Net Position by Component
Last ten fiscal years
(accrual basis of accounting)

		Fiscal Year									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>Governmental activities</u>											
	Net investment in capital assets	\$ 784,881,452	\$ 757,856,437	\$ 812,637,341	\$ 841,259,763	\$ 848,135,743	\$ 843,153,359	\$ 839,572,666	\$ 837,174,593	\$ 823,199,477	\$ 807,820,542
	Restricted for:										
	Community development projects	7,079,640	37,716,605	38,269,946	47,104,275	44,564,797	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104
	Community and cultural	8,968,479	10,880,981	12,219,506	13,201,156	15,490,740	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049
	Public safety	644,786	626,545	328,561	328,236	1,000,633	473,282	509,262	595,357	618,440	618,793
	Public works/capital projects	109,095,517	27,654,589	40,264,691	56,388,219	43,385,566	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024
	Debt service	12,867,643	11,956,354	12,413,131	11,996,640	9,695,909	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207
	Other programs	301,868	170,051	311,702	538,101	538,908	707,617	949,249	1,155,659	1,350,421	1,411,128
	Permanent funds	170,162	188,335	191,646	328,823	332,597	337,682	338,156	324,240	336,843	345,754
	Unrestricted:	24,461,651	95,014,503	91,359,292	70,552,111	33,342,552	27,376,839	26,675,321	20,688,716	30,516,185	35,538,041
	Total Governmental activities net position	<u>\$ 948,471,198</u>	<u>\$ 942,064,400</u>	<u>\$ 1,007,995,816</u>	<u>\$ 1,041,697,324</u>	<u>\$ 996,487,445</u>	<u>\$ 1,012,158,113</u>	<u>\$ 1,003,482,558</u>	<u>\$ 1,004,800,070</u>	<u>\$ 1,014,023,136</u>	<u>\$ 1,004,278,642</u>
<u>Business-type activities</u>											
	Net investment in capital assets	\$ 13,942,981	\$ 8,396,845	\$ 9,052,878	\$ 9,569,296	\$ 10,903,412	\$ 13,977,670	\$ 20,512,511	\$ 20,959,563	\$ 25,289,496	\$ 25,754,111
	Restricted for:										
	Regulatory contingencies	1,702,037	2,520,912	3,444,969	3,903,663	3,803,242	-	4,806,157	5,460,607	6,125,796	5,048,552
	Unrestricted:	(5,623,674)	(413,445)	(652,825)	260,457	4,297,438	12,487,075	4,972,812	12,167,888	12,732,634	21,280,425
	Total Business-type activities net position	<u>\$ 10,021,344</u>	<u>\$ 10,504,312</u>	<u>\$ 11,845,022</u>	<u>\$ 13,733,416</u>	<u>\$ 19,004,092</u>	<u>\$ 26,464,745</u>	<u>\$ 30,291,480</u>	<u>\$ 38,588,058</u>	<u>\$ 44,147,926</u>	<u>\$ 52,083,088</u>
<u>Primary government</u>											
	Net investment in capital assets	\$ 798,824,433	\$ 766,253,282	\$ 821,690,219	\$ 850,829,059	\$ 859,039,155	\$ 857,131,029	\$ 860,085,177	\$ 858,134,156	\$ 848,488,973	\$ 833,574,653
	Restricted for:										
	Community development projects	7,079,640	37,716,605	38,269,946	47,104,275	44,564,797	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104
	Community and cultural	8,968,479	10,880,981	12,219,506	13,201,156	15,490,740	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049
	Public safety	644,786	626,545	328,561	328,236	1,000,633	473,282	509,262	595,357	618,440	618,793
	Public works/capital projects	109,095,517	27,654,589	40,264,691	56,388,219	43,385,566	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024
	Debt service	12,867,643	11,956,354	12,413,131	11,996,640	9,695,909	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207
	Other programs	301,868	170,051	311,702	538,101	538,908	707,617	949,249	1,155,659	1,350,421	1,411,128
	Permanent funds	170,162	188,335	191,646	328,823	332,597	337,682	338,156	324,240	336,843	345,754
	Public purpose programs	1,702,037	2,520,912	3,444,969	3,903,663	3,803,242	-	4,806,157	5,460,607	6,125,796	5,048,552
	Unrestricted:	18,837,977	94,601,058	90,706,467	70,812,568	37,639,990	39,863,914	31,648,133	32,856,604	43,248,819	56,818,466
	Total primary government net position	<u>\$ 958,492,542</u>	<u>\$ 952,568,712</u>	<u>\$ 1,019,840,838</u>	<u>\$ 1,055,430,740</u>	<u>\$ 1,015,491,537</u>	<u>\$ 1,038,622,858</u>	<u>\$ 1,033,774,038</u>	<u>\$ 1,043,388,128</u>	<u>\$ 1,058,171,062</u>	<u>\$ 1,056,361,730</u>

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
Change in Net Position
Last ten fiscal years
(accrual basis of accounting)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 13,001,340	\$ 11,326,363	\$ 11,758,206	\$ 12,081,324	\$ 26,675,932	\$ 17,250,813	\$ 20,743,087	\$ 17,866,194	\$ 17,692,328	\$ 21,724,336
Public safety	59,640,431	56,037,192	56,896,151	53,578,915	56,270,003	56,238,838	57,880,925	62,932,166	62,282,794	65,849,855
Community and economic development	10,003,780	11,317,359	11,886,089	7,755,380	9,873,837	9,228,108	9,895,574	16,127,907	17,643,399	15,366,811
Community and cultural	25,046,848	19,245,060	18,400,148	20,615,807	20,589,032	20,910,986	22,144,633	23,158,730	23,653,269	25,136,772
Public works	34,432,579	36,159,171	39,467,695	43,540,207	29,397,062	34,772,136	39,433,172	47,833,852	50,392,109	55,562,894
Interest and fiscal charges	8,333,540	6,415,304	2,552,119	4,031,673	3,338,928	3,625,888	2,407,992	2,201,392	2,106,238	2,006,183
Total Governmental activities expenses	<u>150,458,518</u>	<u>140,500,449</u>	<u>140,960,408</u>	<u>141,603,306</u>	<u>146,144,794</u>	<u>142,026,769</u>	<u>152,505,383</u>	<u>170,120,241</u>	<u>173,770,137</u>	<u>185,646,851</u>
Business-type activities:										
Electric	14,807,788	16,549,224	18,139,446	19,796,146	22,277,378	24,230,159	25,319,390	26,286,674	28,740,920	30,514,567
Total business-type activities expenses	<u>14,807,788</u>	<u>16,549,224</u>	<u>18,139,446</u>	<u>19,796,146</u>	<u>22,277,378</u>	<u>24,230,159</u>	<u>25,319,390</u>	<u>26,286,674</u>	<u>28,740,920</u>	<u>30,514,567</u>
Total primary government expenses	<u>\$ 165,266,306</u>	<u>\$ 157,049,673</u>	<u>\$ 159,099,854</u>	<u>\$ 161,399,452</u>	<u>\$ 168,422,172</u>	<u>\$ 166,256,928</u>	<u>\$ 177,824,773</u>	<u>\$ 196,406,915</u>	<u>\$ 202,511,057</u>	<u>\$ 216,161,418</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,008,441	\$ 7,056,028	\$ 9,505,989	\$ 5,057,964	\$ 4,996,612	\$ 6,142,310	\$ 6,705,689	\$ 7,862,247	\$ 7,531,941	\$ 6,168,776
Public safety	2,787,962	2,738,303	2,951,403	3,077,843	3,196,167	3,409,176	3,013,430	3,797,064	3,726,879	2,527,911
Community and economic development	4,911,984	5,973,104	4,821,911	7,620,631	7,529,017	7,437,687	3,710,803	10,912,039	14,891,509	9,015,897
Community and cultural	11,237,049	11,584,756	11,343,108	6,518,337	6,292,363	4,927,785	5,992,611	5,947,505	5,527,271	5,176,845
Public works	3,364,804	1,495,407	3,109,029	2,604,218	3,245,439	3,268,761	3,765,362	6,547,035	4,809,398	4,506,187
Operating contributions and grants:										
General government	940,799	1,094,413	2,974,751	121,564	154,230	121,850	146,906	325,286	235,088	348,315
Public safety	1,009,290	988,848	796,155	687,498	4,213,573	3,954,561	2,459,630	2,896,580	1,925,943	4,873,871
Community and economic development	5,769,165	4,028,880	9,928,414	4,972,354	2,278,546	1,225,925	120,222	363,296	253,588	777,408
Community and cultural	6,635,271	6,284,823	7,166,971	7,515,185	7,595,170	7,437,170	7,306,606	8,329,978	8,492,028	9,291,831
Public works	6,353,159	15,499,751	15,250,978	12,279,173	12,837,819	10,131,877	9,395,207	9,940,429	13,026,677	12,843,565
Capital grants and contributions										
General government	-	5,056,545	-	17,576	-	-	-	-	4,808	-
Public safety	534,771	893,608	357,393	-	-	-	-	-	-	-
Community and economic development	20,180	-	-	9,729,528	16,679,953	16,349,211	-	-	-	-
Community and cultural	-	-	-	-	-	-	-	431,335	-	-
Public works	29,208,716	(270,863)	37,847,697	6,544,892	5,052,634	1,638,903	5,544,464	647,635	15,433,181	6,933,754
Total governmental activities program revenues	<u>77,781,591</u>	<u>62,423,603</u>	<u>106,053,799</u>	<u>66,746,763</u>	<u>74,071,523</u>	<u>66,045,216</u>	<u>48,160,930</u>	<u>58,000,429</u>	<u>75,858,311</u>	<u>62,464,360</u>
Business-type activities:										
Charges for services										
Electric	15,671,939	16,778,766	19,098,088	20,213,736	27,678,542	29,363,663	29,090,573	31,443,140	31,074,323	35,899,025
Capital grants and contributions	-	-	-	-	-	-	-	-	2,496,022	1,704,623
Total business-type activities program revenues	<u>15,671,939</u>	<u>16,778,766</u>	<u>19,098,088</u>	<u>20,213,736</u>	<u>27,678,542</u>	<u>29,363,663</u>	<u>29,090,573</u>	<u>31,443,140</u>	<u>33,570,345</u>	<u>37,603,648</u>
Total primary government program revenues	<u>\$ 93,453,530</u>	<u>\$ 79,202,369</u>	<u>\$ 125,151,887</u>	<u>\$ 86,960,499</u>	<u>\$ 101,750,065</u>	<u>\$ 95,408,879</u>	<u>\$ 77,251,503</u>	<u>\$ 89,443,569</u>	<u>\$ 109,428,656</u>	<u>\$ 100,068,008</u>

(Continued)

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
Change in Net Position
Last ten fiscal years
(accrual basis of accounting)

Fiscal Year

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (72,676,927)	\$ (78,076,846)	\$ (34,906,609)	\$ (74,856,543)	\$ (72,073,271)	\$ (75,981,553)	\$ (104,344,453)	\$ (112,119,812)	\$ (97,911,826)	\$ (123,182,491)
Business-type activities	864,151	229,542	958,642	417,590	5,401,164	5,133,504	3,771,183	5,156,466	4,829,425	7,089,081
Total primary government net (expense)/revenue	<u>\$ (71,812,776)</u>	<u>\$ (77,847,304)</u>	<u>\$ (33,947,967)</u>	<u>\$ (74,438,953)</u>	<u>\$ (66,672,107)</u>	<u>\$ (70,848,049)</u>	<u>\$ (100,573,270)</u>	<u>\$ (106,963,346)</u>	<u>\$ (93,082,401)</u>	<u>\$ (116,093,410)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 35,755,479	\$ 31,513,439	\$ 26,503,357	\$ 28,153,697	\$ 30,738,190	\$ 33,418,804	\$ 35,664,089	\$ 38,152,053	\$ 40,517,556	\$ 44,284,961
Transient occupancy taxes	692,586	747,100	831,881	991,431	1,197,143	1,416,343	1,852,584	2,344,159	2,433,358	2,731,202
Sales taxes	12,277,450	14,003,993	14,043,560	15,887,129	16,130,340	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386
Franchise taxes	4,888,143	5,008,507	5,147,342	5,361,531	5,885,913	5,493,936	5,384,726	5,680,137	5,968,690	6,150,038
Business license taxes	1,053,146	1,175,104	1,305,925	1,581,918	1,886,558	2,249,400	2,291,816	2,351,794	2,451,260	2,461,291
Utility users taxes	15,317,439	15,591,386	15,683,931	15,595,141	16,138,202	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534
Other taxes	1,204,064	1,155,334	1,325,025	6,467,203	6,512,910	6,529,065	6,464,018	6,678,812	6,892,345	6,988,270
Franchise in lieu taxes	150,456	168,267	189,577	194,943	278,186	293,022	288,383	620,349	617,101	644,760
Documentary transfer tax	424,931	434,554	350,413	447,103	502,822	740,120	719,514	767,591	833,082	935,133
Use of money and property	5,298,098	8,708,429	2,236,328	4,718,739	3,440,087	4,774,277	2,639,133	6,166,810	9,724,871	12,006,098
Gain on sale of capital assets	605	-	-	-	-	-	-	-	-	-
Miscellaneous	2,784,308	469,671	1,728,104	696,377	403,609	1,975,035	769,125	1,040,861	999,027	1,090,864
Contributed capital	-	-	-	-	-	-	-	14,513,139	-	-
Extraordinary items	-	(7,305,736)	31,492,582	26,364,076	-	-	-	-	-	-
Transfers	(107,841)	-	-	(904,032)	-	-	-	300,000	5,354	147,460
Total governmental activities	<u>79,738,864</u>	<u>71,670,048</u>	<u>100,838,025</u>	<u>105,555,256</u>	<u>83,113,960</u>	<u>91,652,221</u>	<u>90,082,314</u>	<u>113,437,322</u>	<u>107,134,892</u>	<u>113,437,997</u>
Business-type activities										
Use of property and money	29,540	89,183	8,848	35,249	137,947	202,544	129,253	47,572	504,300	810,852
Miscellaneous	179,892	164,243	373,220	531,523	1,141,838	2,124,605	209,279	293,756	231,497	182,689
Contributed capital	-	-	-	-	-	-	-	3,098,784	-	-
Transfers	107,841	-	-	904,032	-	-	-	(300,000)	(5,354)	(147,460)
Total business-type activities	<u>317,273</u>	<u>253,426</u>	<u>382,068</u>	<u>1,470,804</u>	<u>1,279,785</u>	<u>2,327,149</u>	<u>338,532</u>	<u>3,140,112</u>	<u>730,443</u>	<u>846,081</u>
Total primary government	<u>\$ 80,056,137</u>	<u>\$ 71,923,474</u>	<u>\$ 101,220,093</u>	<u>\$ 107,026,060</u>	<u>\$ 84,393,745</u>	<u>\$ 93,979,370</u>	<u>\$ 90,420,846</u>	<u>\$ 116,577,434</u>	<u>\$ 107,865,335</u>	<u>\$ 114,284,078</u>
Change in Net Position										
Government activities	\$ 7,061,937	\$ (6,406,798)	\$ 65,931,416	\$ 30,698,713	\$ 11,040,689	\$ 15,670,668	\$ (14,262,139)	\$ 1,317,510	\$ 9,223,066	\$ (9,744,494)
Business-type activities	1,181,424	482,968	1,340,710	1,888,394	6,680,949	7,460,653	4,109,715	8,296,578	5,559,868	7,935,162
Total primary government	<u>\$ 8,243,361</u>	<u>\$ (5,923,830)</u>	<u>\$ 67,272,126</u>	<u>\$ 32,587,107</u>	<u>\$ 17,721,638</u>	<u>\$ 23,131,321</u>	<u>\$ (10,152,424)</u>	<u>\$ 9,614,088</u>	<u>\$ 14,782,934</u>	<u>\$ (1,809,332)</u>

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
Fund Balances, Governmental Funds
Last ten fiscal years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 5,716,008	\$ 5,438,306	\$ 5,497,653	\$ 9,132,415	\$ 8,388,275	\$ 8,215,977	\$ 8,395,058	\$ 11,444,674	\$ 10,973,748	\$ 11,145,637
Restricted	-	1,000,000	-	-	-	-	-	-	-	-
Committed	2,600,000	2,600,000	2,701,000	2,729,722	2,266,281	2,755,281	13,359,691	13,844,094	16,187,828	16,187,828
Assigned	1,414,860	2,613,937	646,598	1,156,993	1,115,184	2,621,245	10,007,195	10,742,934	16,433,572	17,495,351
Unassigned	36,634,651	29,814,811	25,528,774	27,536,445	31,606,163	37,529,532	24,369,793	19,690,252	22,138,541	25,641,999
Total General Fund	<u>\$ 46,365,519</u>	<u>\$ 41,467,054</u>	<u>\$ 34,374,025</u>	<u>\$ 40,555,575</u>	<u>\$ 43,375,903</u>	<u>\$ 51,122,035</u>	<u>\$ 56,131,737</u>	<u>\$ 55,721,954</u>	<u>\$ 65,733,689</u>	<u>\$ 70,470,815</u>
All Other Funds										
Nonspendable	\$ 32,582,050	\$ 35,169,140	\$ 35,479,835	\$ 6,848,083	\$ 6,351,290	\$ 5,869,254	\$ 5,863,731	\$ 301,800	\$ 296,615	\$ 288,098
Restricted	106,735,045	54,025,315	68,502,016	123,037,367	110,373,496	103,223,132	98,182,217	110,783,344	123,852,864	125,764,203
Committed	13,321	17,332	17,332	-	-	1,000,000	5,768,000	5,768,000	6,768,000	7,768,000
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)	(207,251)	(204,086)	(198,206)	-
Total all other funds	<u>\$ 120,527,204</u>	<u>\$ 108,227,828</u>	<u>\$ 114,054,878</u>	<u>\$ 129,436,171</u>	<u>\$ 116,277,158</u>	<u>\$ 109,970,256</u>	<u>\$ 109,606,697</u>	<u>\$ 116,649,058</u>	<u>\$ 130,719,273</u>	<u>\$ 133,820,301</u>

Notes: The City implemented GASB Statement No. 54 in fiscal year 2011.
Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
 Changes in Fund Balances, Governmental Funds
 Last ten fiscal years
 (modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue										
Taxes:										
Property taxes	\$ 35,755,479	\$ 31,513,439	\$ 26,503,357	\$ 28,153,697	\$ 30,738,190	\$ 39,806,252	\$ 35,664,089	\$ 38,152,053	\$ 40,517,556	\$ 44,284,961
Utility users taxes	15,317,439	15,591,386	15,683,931	15,595,141	16,138,202	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534
Sales taxes	12,277,450	14,003,993	14,043,560	15,887,129	16,130,340	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386
Other taxes	8,413,326	8,688,866	9,150,163	15,044,129	16,263,532	10,334,438	17,000,816	18,442,840	19,195,836	19,910,694
Licenses and permits	1,532,514	1,523,800	1,585,312	2,164,753	2,020,230	2,834,449	2,860,486	3,020,868	3,468,511	3,843,038
Intergovernmental	27,591,342	28,993,998	38,624,704	28,810,219	32,505,519	27,463,858	27,205,717	25,380,908	28,676,795	33,520,861
Fees and charges for services	21,497,689	25,480,671	27,718,832	20,229,634	21,050,766	21,193,893	20,967,315	27,564,951	30,913,729	24,349,889
Use of money and property	7,027,197	7,605,758	1,749,494	4,034,589	3,405,008	4,734,930	2,639,133	6,166,810	9,724,871	12,006,098
Fines and forfeitures	833,799	653,285	650,259	619,942	630,175	569,383	626,710	654,993	756,901	583,471
Miscellaneous	4,251,577	1,424,186	3,162,871	2,269,465	1,623,569	2,273,288	769,126	1,040,861	999,027	1,090,864
Total revenues	134,497,812	135,479,382	138,872,483	132,808,698	140,505,531	143,972,711	141,742,318	155,245,901	170,945,474	175,587,796
Expenditures										
General government	14,504,781	14,442,873	12,099,984	12,019,962	13,146,749	16,275,216	16,860,169	15,663,530	15,912,863	18,917,838
Public safety	58,152,125	54,602,358	58,393,974	53,492,051	55,248,006	55,140,221	56,601,719	61,747,652	61,141,018	64,599,689
Community and economic development	9,061,184	10,530,127	12,374,216	7,923,409	9,883,788	9,116,820	8,759,075	15,367,566	13,531,870	14,336,632
Community and cultural	23,006,061	17,348,779	18,021,610	19,232,689	18,797,257	19,031,065	19,163,687	20,702,253	21,241,618	22,215,275
Public works	15,018,071	15,588,709	15,673,611	18,273,006	18,130,438	19,293,627	18,434,525	19,311,593	20,516,249	21,395,223
Capital outlay	23,879,656	27,709,622	45,615,380	27,212,890	28,898,279	19,586,004	11,038,070	13,234,873	12,203,689	18,680,033
Debt service										
Principal retirement	11,724,021	3,965,407	3,017,500	13,884,500	2,556,230	3,092,176	2,613,000	1,920,000	2,005,000	2,117,000
Interest and fiscal charges	8,345,084	6,250,237	2,462,481	3,284,958	3,388,158	2,950,685	2,500,775	2,399,001	2,304,456	2,205,181
Bond issuance costs	-	-	-	895,960	360,956	-	-	-	-	-
Total expenditures	163,690,983	150,438,112	167,658,756	156,219,425	150,409,861	144,485,814	135,971,020	150,346,468	148,856,763	164,466,871
Excess (Deficiency) of revenues over (under) expenditures	(29,193,171)	(14,958,730)	(28,786,273)	(23,410,727)	(9,904,330)	(513,103)	5,771,298	4,899,433	22,088,711	11,120,925
Other Financing Sources (Uses)										
Issuance of debt	7,447,764	-	-	-	-	-	-	-	-	-
Transfers in (note 7)	18,994,235	25,245,873	16,689,425	30,993,218	44,585,720	9,218,855	11,834,731	21,981,064	19,333,554	19,029,915
Transfers out (note 7)	(19,012,256)	(25,818,899)	(15,473,618)	(30,111,368)	(44,677,294)	(8,588,009)	(9,397,470)	(20,397,921)	(18,964,541)	(22,462,686)
Transfers from Successor Agency	-	900,124	2,811,741	9,729,528	1,489,134	1,620,000	150,000	150,000	150,000	150,000
Transfer in of land	-	-	-	-	-	-	-	-	1,474,226	-
Contributions to Successor Agency	-	-	-	-	-	(298,513)	-	-	-	-
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)	7,429,743	327,098	4,027,548	41,970,774	(434,355)	1,952,333	2,587,261	1,733,143	1,993,239	(3,282,771)
Special Items										
Extraordinary Items	-	(2,566,209)	23,492,746	-	-	-	-	-	-	-
Net change in fund balances	\$ (21,763,428)	\$ (17,197,841)	\$ (1,265,979)	\$ 18,560,047	\$ (10,338,685)	\$ 1,439,230	\$ 8,358,559	\$ 6,632,576	\$ 24,081,950	\$ 7,838,154
Debt service as a percentage of noncapital expenditures	14.35%	8.59%	4.39%	13.06%	5.38%	5.21%	4.35%	3.14%	3.01%	2.98%

Source: City of Moreno Valley Financial and Management Services Department

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	Transient Occupancy	Franchise	Business License Gross Receipt	Documentary Transfer	Cannabis Business Tax	Total
2011	\$ 9,430,846	\$ 13,055,796	\$ 15,317,439	\$ 11,283,435	\$ 692,586	\$ 5,038,600	\$ 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	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	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	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	1,886,558	502,822	-	68,833,035
2016	12,679,455	16,409,009	15,824,481	18,937,738	1,416,343	5,786,958	2,249,400	740,120	-	74,124,471
2017	13,593,075	17,430,250	15,613,484	18,395,442	1,852,584	5,673,110	2,291,816	719,514	-	75,661,282
2018	14,696,576	18,406,258	15,629,102	19,192,515	2,344,159	6,300,485	2,351,794	767,591	-	79,688,479
2019	15,623,696	19,577,636	15,483,806	21,208,442	2,433,358	6,585,791	2,451,261	833,082	-	84,197,073
2020	17,217,684	21,232,068	15,499,534	20,498,386	2,731,202	6,794,798	2,461,291	935,134	47,589 (1)	87,417,686
Change 2011 to 2020	83%	63%	1%	82%	294%	35%	134%	120%	n/a	53%

Notes:
 (1) In Fiscal Year 2018-19 the voters approved the Cannabis Business Tax. Fiscal Year 2019-20 was the first year any businesses were subject to the tax.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
 Key Revenues, General Fund
 Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>Utility Users Taxes</u>	<u>Property Taxes</u>	<u>Property Taxes In-Lieu of VLF</u>	<u>Sales Taxes</u>	<u>Property Taxes In-Lieu of Sales Taxes</u>	<u>Development Services</u>
2011	\$ 15,317,439	\$ 9,430,846	\$ 13,055,796	\$ 8,113,635	\$ 3,169,800	\$ 2,675,770
2012	15,591,386	9,397,373	13,170,964	10,848,031	3,155,962	3,928,365
2013	15,683,931	9,765,007	13,414,446	10,523,544	3,520,016	3,586,632
2014	15,595,141	10,668,782	13,871,754	11,478,971	4,408,158	5,832,468
2015	16,138,202	11,594,459	15,137,754	12,347,660	3,782,680	5,323,881
2016	15,824,481	12,679,455	16,409,009	15,412,390	3,525,352	6,453,497
2017	15,613,484	13,593,075	17,430,250	18,395,442	- (1)	7,124,351
2018	15,629,102	14,696,576	18,406,258	19,192,515	-	7,917,171
2019	15,483,806	15,623,696	19,577,636	21,208,442	-	8,780,550
2020	15,499,534	17,217,684	21,232,068	20,498,386	-	8,303,569

Notes:

1) Per direction of the State Director of Finance, the Triple Flip program ended in 2016.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
 Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year Ended June 30	City						Redevelopment Agency **						Total Direct Tax Rate
	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate	
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
2017	13,703,128	609,642	14,312,770	(265,286)	14,047,484	0.00172	-	-	-	-	-	-	0.00172
2018	14,517,849	584,791	15,102,640	(273,025)	14,829,615	0.00169	-	-	-	-	-	-	0.00169
2019	15,490,166	637,631	16,127,798	(360,916)	15,766,881	0.00166	-	-	-	-	-	-	0.00166
2020	16,780,625	718,741	17,499,366	(494,977)	17,004,389	0.00162	-	-	-	-	-	-	0.00162

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Notes:
 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Direct Rate:	\$0.00164	\$0.00258	\$0.00183	\$0.00185	\$0.00179	\$0.00173	\$0.00172	\$0.00169	\$0.00166	\$0.00162
Redevelopment Agency Direct Rate:	0.00575	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Tax Rate:	0.00242	0.00258	0.00183	0.00185	0.00179	0.00173	0.00172	0.00169	\$0.00166	\$0.00162
Eastern Municipal Water Imp Dist	0.03000	0.03000	0.03000	0.03000	0.01100	0.01100	0.01100	0.01000	0.01000	0.01000
Area	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
District	0.03357	0.04096	0.04060	0.04354	0.04071	0.10223	0.10320	0.09333	0.09864	0.09980
Mt. San Jacinto Jr College	0.00000	0.00000	0.00000	0.00000	0.00000	0.01394	0.01320	0.01320	0.01320	0.01320
Riverside City Community College										
District	0.01499	0.01700	0.01702	0.01768	0.01791	0.01725	0.01649	0.01616	0.01478	0.01476
San Jacinto Unified School District	0.11744	0.12875	0.12800	0.12746	0.11866	0.11727	0.11656	0.15078	0.15291	0.15292
Val Verde Unified District	0.03347	0.03160	0.08383	0.07235	0.07882	0.07135	0.07210	0.06368	0.06966	0.06368
Total Tax Rate	<u>\$0.24298</u>	<u>\$0.25717</u>	<u>\$0.30662</u>	<u>\$0.29823</u>	<u>\$0.27239</u>	<u>\$0.33827</u>	<u>\$0.33777</u>	<u>\$0.35234</u>	<u>\$0.36435</u>	<u>\$0.35948</u>

Notes:
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

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	2020			2011		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
First Industrial LP	\$ 254,845,614	1	1.49%	\$ -	-	-
Skechers USA, Inc.	241,202,054	2	1.41%	-	-	-
Duke Realty LP	206,119,877	3	1.20%	-	-	-
TGA Centerpointe LLC	171,226,591	4	1.00%	-	-	-
Ross Dress For Less, Inc.	143,757,205	5	0.84%	96,867,378	3	0.92%
FR California Moreno Valley	125,434,404	6	0.73%	-	-	-
Owner Not Available	119,844,858	7	0.70%	-	-	-
FR California Indian Avenue	119,277,171	8	0.70%	-	-	-
Walgreen Company	117,129,812	9	0.68%	143,140,920	1	1.36%
Towngate on Memorial Apartments	102,555,939	10	0.60%	-	-	-
Ridge Moreno Valley	-	-	-	101,585,819	2	0.96%
Stonegate 552, LLC	-	-	-	78,812,770	4	0.75%
Broadstone at Valley View	-	-	-	73,233,000	5	0.70%
Kaiser Foundation Hospitals	-	-	-	56,956,844	6	0.54%
Moreno Valley Day St Apartments	-	-	-	54,528,555	7	0.52%
Knickerbocker Properties, Inc.	-	-	-	49,301,872	8	0.47%
Realty Associates Fund IX LP	-	-	-	47,042,983	9	0.45%
2250 Town Circle Holdings LLC	-	-	-	46,440,540	10	0.44%
	<u>\$ 1,601,393,525</u>		<u>9.3500%</u>	<u>\$ 747,910,681</u>		<u>7.11%</u>

Source: HdI 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
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%	394,345	27,643,578	100.00%
2017	28,476,155	28,270,448	99.28%	205,707	28,476,155	100.00%
2018	29,595,157	29,425,906	99.43%	169,250	29,595,157	100.00%
2019	30,459,787	30,334,346	99.59%	125,440	30,459,787	100.00%
2020	31,609,650	31,609,650	100.00%	-	31,609,650	100.00%

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.

(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 2019/20 Assessed Valuation

\$ 17,111,124,143

	Total Debt 6/30/2020	% Applicable(1)	City's Share of Debt 6/30/2020
OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	\$ 37,300,000	0.553%	\$ 206,269
Riverside County Flood Control and Water Reclamation District, Zone No.4	12,530,000	30.987	3,882,671
Eastern Municipal Water District I.D. No U-22	2,207,000	98.932	2,183,429
Riverside Community College District	284,166,015	15.180	43,136,401
Mount San Jacinto Community College District	164,385,000	0.024	39,452
Moreno Valley Unified School District	152,378,521	84.285	128,432,236
San Jacinto Unified School District	62,896,681	0.703	442,164
Val Verde Unified School District	126,804,668	36.870	46,752,881
Moreno Valley Unified School District Community Facilities District No. 2002-1	5,910,000	100	5,910,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	9,600,000	100	9,600,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	2,240,000	100	2,240,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	4,630,000	100	4,630,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	3,050,000	100	3,050,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	3,705,000	100	3,705,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	3,700,000	100	3,700,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	23,420,000	100	23,420,000
Moreno Valley Unified School District Community Facilities District No. 2005-1	6,475,000	100	6,475,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3, 4 & 5	23,080,000	100	23,080,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	4,945,000	100	4,945,000
Moreno Valley Unified School District Community Facilities District No. 2015-2	6,325,000	100	6,325,000
Moreno Valley Unified School District Community Facilities District No. 2015-3	4,080,000	100	4,080,000
Moreno Valley Unified School District Community Facilities District No. 2016-1	5,245,000	100	5,245,000
Moreno Valley Unified School District Community Facilities District No. 2017-1	3,610,000	100	3,610,000
Val Verde Unified School District Community Facilities District No. 98-1	14,110,000	100	14,110,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,465,000	100	2,465,000
Val Verde Unified School District Community Facilities District No. 2014-1	6,900,000	100	6,900,000
Eastern Municipal Water District Community Facilities Districts	13,031,000	100	13,031,000
City of Moreno Valley Community Facilities District No. 5	5,240,000	100	5,240,000
City of Moreno Valley Community Facilities District No. 7, 1.A. No. 1	3,115,000.00	100	3,115,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	1,290,000	100	1,290,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 381,241,503
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	\$ 759,807,924	5.782%	\$ 43,932,094
Riverside County Pension Obligations	938,825,000	5.782	54,282,862
Moreno Valley Unified School District Certificates of Participation	13,030,000	84.285	10,982,336
San Jacinto Unified School District Certificates of Participation	43,345,000	0.703	304,715
Val Verde Unified School District Certificates of Participation	55,330,000	36.87	20,400,171
Western Municipal Water District Certificates of Participation	7,817,855	0.141	11,023
City of Moreno Valley General Fund Obligations	77,609,000	100	77,609,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 207,522,201
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	\$ 70,365,000	34.477-100%	\$ 50,455,836
TOTAL DIRECT DEBT			77,609,000
TOTAL OVERLAPPING DEBT			561,610,540
COMBINED TOTAL DEBT			639,219,540 (2)

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 2019-20 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.23%
Total Direct Debt (\$77,609,000)	0.45%
Combined Total Debt	3.74%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$3,641,577,163):

Total Overlapping Tax Increment Debt	1.39%
--------------------------------------	-------

AB: (\$500)

Source: MuniServices, LLC

City of Moreno Valley
 Legal Debt Margin
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2020:
 Assessed Value \$ 17,135,121
 Debt Limit (15% of assessed value) 2,570,268

Debt applicable to limit: -

Total net debt applicable to limit \$ -

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Valuation (in thousands)	\$ 10,366,869	\$ 10,462,566	\$ 10,590,832	\$ 12,199,659	\$ 12,064,572	\$13,082,108	\$ 13,909,814	\$ 14,693,509	\$15,633,325	\$17,135,121
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	2,591,717	2,615,642	2,647,708	3,049,915	3,016,143	3,270,527	3,477,454	3,673,377	3,908,331	4,283,780
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit (in thousands)	388,758	392,346	397,156	457,487	452,421	490,579	521,618	551,007	586,250	642,567
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin (in thousands)	388,758	392,346	397,156	457,487	452,421	490,579	521,618	551,007	586,250	642,567
Total net debt applicable to the limit as a percentage of the debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Fiscal Year Ended June 30	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income ⁽¹⁾	Debt per Capita
	Certificates of Participation	Lease Revenue Bonds	RDA Tax Allocation Bonds	Notes and Other	Total Governmental Activities	Lease Revenue Bonds	Notes and Other	Total Business- type Activities			
2011	\$ - ⁽²⁾	\$ 39,660,000 ⁽²⁾	\$ 42,475,000	\$ 12,301,668 ⁽²⁾	\$ 94,436,668	\$ 29,780,000	\$ -	\$ 29,780,000	\$ 124,216,668	3.63%	636
2012	-	38,775,000	- ⁽³⁾	12,405,733	51,180,733	29,245,000	-	29,245,000	80,425,733	2.35%	409
2013	-	37,855,000	-	12,340,304	50,195,304	28,685,000	-	28,685,000	78,880,304	2.18%	398
2014	20,000,000	36,394,230	-	11,874,411	68,268,641	27,836,607	-	27,836,607	96,105,248	2.66%	482
2015	20,000,000	32,486,745	-	10,620,844	63,107,589	26,982,029	-	26,982,029	90,089,618	2.43%	442
2016	20,000,000	33,788,512	-	2,838,000	56,626,512	36,713,979	-	36,713,979	93,340,491	2.54%	454
2017	19,391,245	32,324,572	-	1,800,000	53,515,817	37,339,941	-	37,339,941	90,855,758	2.41%	439
2018	18,881,643	31,002,924	-	1,527,000	51,411,567	36,185,829	-	36,185,829	87,597,396	2.24%	422
2019	18,347,041	29,630,276	-	1,245,000	49,222,317	50,502,630	8,110,892 ⁽⁴⁾	58,613,522	107,835,839	2.64%	518
2020	17,782,439	28,184,628	-	954,000	46,921,067	49,308,523	8,089,757	57,398,280	104,319,347	2.32%	500

Notes:

- 1) These ratios are calculated using personal income and population for the prior year.
- 2) In Fiscal Year 2011 the City defeased the 1997 Lease Revenue Bonds and the 1997 City Hall COPs with private placement financing.
- 3) As of 2012, no longer considered general bonded debt as the result of the dissolution of the Redevelopment Agency.
- 4) In Fiscal Year 2019 the City and Moreno Valley Utility entered into an Equipment Lease/Purchase Agreement with Banc of America Leasing & Capital for the purchase and retrofit of streetlights.

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 Ten Fiscal Years

Fiscal Year Ended June 30, (1)	Certificates of Participation	Lease Revenue Bonds	Direct Placement	Total Governmental Activities	Percent of Assessed Value	Per Capita
2011	\$ - (2)	\$ 39,660,000 (2)	\$ 3,272,000	\$ 42,932,000	0.40%	\$ 220
2012	-	38,775,000	3,011,000 (2)	41,786,000	0.39%	213
2013	-	37,855,000	2,789,000	40,644,000	0.38%	205
2014	20,000,000	36,394,230	2,555,000	58,949,230	0.53%	296
2015	20,000,000	32,486,745	2,314,000	54,800,745	0.45%	269
2016	20,000,000	33,788,512	2,062,000	55,850,512	0.42%	272
2017	19,391,245	32,324,572	1,800,000	53,515,817	0.38%	259
2018	18,881,643	31,002,924	1,527,000	51,411,567	0.35%	248
2019	18,347,041	29,630,276	1,245,000	49,222,317	0.31%	236
2020	17,782,439	28,184,628	954,000	46,921,067	0.27%	225

Notes:

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) 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			
	Special Tax Levy	Property Tax Increment	Debt Service		Coverage	Special Tax Levy	Debt Service		Coverage	Property Tax Increment	Debt Service		Coverage
			Principal	Interest			Principal	Interest			Principal	Interest	
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
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
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
2014	-	-	105,000	3,938	0.00	393,684	45,000	283,633	1.20	1,174,345	700,000	310,906	1.16
2015	-	-	-	-	0.00	398,468	55,000	281,505	1.18	1,186,238	730,000	283,181	1.17
2016	-	-	-	-	0.00	405,862	65,000	278,893	1.18	1,190,000	760,000	253,381	1.17
2017	-	-	-	-	0.00	368,314	75,000	275,775	1.05	1,175,245	790,000	218,431	1.17
2018	-	-	-	-	0.00	419,663	85,000	272,175	1.17	1,173,745	830,000	177,931	1.16
2019	-	-	-	-	0.00	429,694	95,000	268,125	1.18	1,171,595	870,000	136,106	1.16
2020	-	-	-	-	0.00	415,790	110,000	263,458	1.11	737,598	910,000	96,831	0.73

Fiscal Year Ended June 30,	Towngate Community Facilities District No. 87-1, Improvement No. 1 Special Tax Refunding Bonds					Community Facilities District No. 7 Improvement Area 1 Special Tax Bonds Series 2016			
	Special Tax Levy	Property Tax Increment	(Fund 4105) Debt Service		Coverage	Special Tax Levy	(Fund 4114) Debt Service		Coverage
			Principal	Interest			Principal	Interest	
2011	\$ 112,162	\$ 277,359	\$ 195,000	\$ 160,375	1.10	\$ -	\$ -	\$ -	-
2012	115,946	274,445	205,000	152,173	1.09	-	-	-	-
2013	110,672	275,008	210,000	143,719	1.09	-	-	-	-
2014	117,164	275,007	220,000	135,009	1.10	-	-	-	-
2015	114,616	277,896	230,000	125,668	1.10	-	-	-	-
2016	114,070	280,000	240,000	115,739	1.11	-	-	-	-
2017	16,083	275,803	250,000	105,170	0.82	-	-	-	-
2018	115,220	278,123	260,000	93,851	1.11	189,410	-	94,088	2.01
2019	112,239	279,775	275,000	81,676	1.10	0.00	75,000	93,338	0.00
2020	88,489	277,188	290,000	68,536	1.02	0.00	75,000	91,388	0.00

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 Ten Years

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2017	206,750	3,775,669	18,262	6.0%
2018	207,629	3,902,595	18,796	4.8%
2019	208,297	4,085,746	19,615	4.7%
2020	208,838	4,500,668	21,551	14.9%

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

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Employer	Sector	Business Type	2020		2011	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	9,600	10.08%	9,000	31.65%
Amazon	Fulfillment	Retail Distribution	7,500	7.88%		
Riverside University Health Systems Medical Center	Medical Facilities	County Hospital	3,400	3.57%	2,416	8.50%
Moreno Valley Unified School District	Public Sector	Public Schools	3,100	3.26%	3,490	12.27%
Ross Dress for Less / DD's Discounts	Distribution	Retail Distribution	2,400	2.52%	1,500	5.28%
Moreno Valley Mall (excludes major tenants)	Retail	Retail Mall	1,500	1.58%	1,760	6.19%
Kaiser Permanente Community Hospital	Medical Facilities	Hospital/Medical Services	1,457	1.53%		
Skechers USA	Distribution	Retail Distribution	1,200	1.26%	550	1.93%
Harbor Freight Tools	Distribution	Retail Distribution	788	0.83%		
Deckers Outdoor	Distribution	Retail Distribution	700	0.74%		
Val Verde Unified School District (MV Only)	Public Sector	Public Schools			2,179	7.66%
City of Moreno Valley	Public Sector	Municipal Government			762	2.68%
Walgreens	Distribution	Retail Distribution			694	2.44%
Moreno Valley College	Public Sector	Higher Education			510	1.79%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: City of Moreno Valley Economic Development Department
State of CA Employment Development Department

City of Moreno Valley
 Full-time and Part-time City Employees by Function
 Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	147	125	96	93	94	91	101	104	112	104
Public Works	143	134	122	121	119	118	121	121	121	124
Community Development	59	66	59	49	51	60	51	60	52.5	52.5
Parks and Community Services	101 ⁽²⁾	118	112	113	127	138	147	149	142	124
Animal Services	21	19	21	22	22	22	26	22	22	24
Redevelopment Agency	12	0	0	0	0	0	0	0	0	0
Public Safety ⁽¹⁾	407	407	318	286	287	284	291	289	289.5	284.5
	<u>890</u>	<u>869</u>	<u>728</u>	<u>684</u>	<u>700</u>	<u>713</u>	<u>737</u>	<u>745</u>	<u>739</u>	<u>713</u>

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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. The number includes the County and City

(2) 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 Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Lane miles of streets	1,076	1,076	1,095	1,080	1,080	1,080	1,080	1,090	1,122	1,122
Number of street lights	11,260	11,358	11,381	11,449	11,512	11,620	11,694	12,011	12,083	12,240
Number of traffic signals	173	175	180	182	186	188	191	190	190	191
Fire protection:										
Number of stations	6	6	7	7	7	7	7	7	7	7
Police protection:										
Number of policing stations	1	1	1	1	1	1	1	1	1	1
Number of policing substations	4	6	6	6	2	3	2	2	4	3
Recreation and culture:										
Parks	37	37	37	37	38	38	38	38	38	38
Maintained acreage of parks	532	520	520	520	533	533	540	540	547	545
Parks under construction	1	1	1	1	-	-	-	-	-	2
Acreage of parks under construction	12.25	12.75	12.75	12.75	-	-	-	-	-	7.1
Multi-use athletic fields	21	21	21	21	24	24	24	24	24	24
Conference/Recreation centers	1	1	1	1	1	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,413	42,413	42,413	42,800	42,800	42,800	42,800	42,800
Senior Centers	1	1	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	14,700	14,700
Equestrian centers	1	1	1	1	1	1	1	1	1	1
Maintained acreage of equestrian centers	45	45	45	45	45	45	45	45	45	45
Multi-use equestrian trails maintained	10 Miles	10 Miles	10 Miles	10 Miles	10 Miles	11 Miles	11 Miles	11 Miles	12 Miles	12 Miles
Community centers	4	4	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	38,758	38,758
Sports courts	24	24	24	24	24	24	24	24	24	24
Skate parks	1	1	1	1	1	1	1	1	2	2
Square footage of skate parks	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	23,500	23,500
Soccer Arena	-	1	1	1	1	1	1	1	1	1
Nine-hole golf courses	1	1	1	1	1	1	1	1	1	1
Play apparatus	26	26	26	26	27	27	28	28	28	28
Water play features	2	2	2	2	2	2	2	2	2	2
Utilities:										
Residential utility meters	5,003	5,028	5,091	5,202	5,260	5,365	5,494	5,725	5,953	6,099
Commercial utility meters	599	592	607	639	652	663	673	694	715	725

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 Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Square mileage of area	52	52	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	79	71	72	69	69	69	69	75	75	67
Volunteers	10	16	16	25	18	16	14	11	7	14
Non-sworn personnel	8	8	8	11	13	12	11	10	12	11
OEM non-sworn personnel	0	2	3	3	2	3	3	3	3	3
Responses to emergency calls	15,268	14,824	15,905	16,340	17,727	19,006	21,268	19,807	19,753	20,354
Inspections and Permits	3,383	2,304	2,400	3,251	3,445	6,382	4,741	3,737	3,279	3,298
Apartment Complex Inspections	0	849	872	1476	1,777	1,943	771	1,160	757	704
Plan checks	358	786	1,218	1,646	1,788	1,317	861	1,202	1,747	1,385
Counter/Public inquiries	2,452	2,671	2,431	2,966	2,683	2,604	2,162	2,472	2,605	1,790
Police protection:										
Provided through contract with the County of Riverside Sheriff's Department:										
Sworn officers	186	181	181	153	151	150	150	150	150	150
Classified personnel	55	54	51	48.5	50	50	50	45.5	45	48.5
City support personnel	3	3	3	2	2	0	0	1	1	1
Volunteers	77	85	77	69	84	72	88	149	62	53
Responses to Calls:										
Priority 1	423	363	425	402	420	461	446	521	473	488
Priority 1A	1,274	1,289	1,584	1,500	1,463	1,480	1,398	1,553	1,477	1,587
Priority 2	27,797	26,021	27,733	28,048	28,696	30,294	31,097	31,450	30,544	30,798
Priority 3	27,487	29,393	29,860	28,521	30,499	35,317	33,816	31,841	28,206	26,924
Priority 4	18,625	18,087	17,280	16,662	16,749	17,944	17,841	16,708	15,787	15,681
Priority 5	1	1	1	63	62	54	18	11	9	8
Priority 6	0	0	0	0	0	0	0	0	0	0
Priority 7	0	0	0	0	1	0	0	0	0	0
Priority 8	1	1	0	0	0	0	0	0	0	3
Priority 9	312	223	347	436	312	295	331	292	296	279
Cancelled	5,543	5,991	23,338	26,172	29,095	26,061	22,903	19,210	18,710	23,592
Disp/Arr Time Missing	7,944	8,125	8,941	8,191	9,384	8,807	7,592	7,077	7,493	7,732
Same Disp/Arr Time	54,379	47,638	45,096	40,425	45,041	47,794	67,829	66,269	45,609	42,647
T. R. U. Calls	37	54	87	76	42	27	39	34	1	1
Building and Safety:										
Building permits issued	1,700	1,889	1,797	2,066	2,329	2,411	2,823	4,369	4,499	4,149
Counter requests for service	6,105	6,563	6,407	7,049	7,597	8,066	7,895	9,615	9,572	7,532
Planning:										
Planning applications processed	644	740	745	752	667	672	494	674	757	745
Planning public counter customers	3,683	3,853	3,749	3,718	3,527	3,366	3,598	4,018	5,313	4,275
Recreation and culture:										
Rounds of golf played	9,719	n/a	8,209	9,002	7,948	8,237	6,500	7,652	2,635	7,144
Community center rentals	1,005	992	997	1,058	1,087	1,235	1,300	1,026	1,432	453
Participants in recreation programs	46,040	48,473	41,992	47,405	43,361	44,000	46,000	48,000	69,430	64,559
Utilities:										
Average residential daily consumption (kilowatt hours)	18.5	19.7	20.7	19.1	20.1	19.7	19.7	20.2	19.63	19.36
Average commercial daily consumption (kilowatt hours)	296.3	371.9	383.0	395.3	573.0	622.24	646.2	630.8	571.48	576.28
New residential connections	99	23	63	111	58	105	129	231	228	146
New commercial connections	54	23	15	32	13	11	10	21	21	10
Employees:										
Members of City Council	5	5	5	5	5	5	5	5	5	5
Members of the Planning Commission	7	7	7	7	7	9	8	7	7	7
Full-time career status (FTE)	283	281	277	299	261	264	262	263	272	281
Part-time career status (FTE)	21	66	22	11	14	15	12	13	14	15
Animal Shelter visitors (prior year information not available)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	31,788	23,150

Sources: City of Moreno Valley Technology Services, Fire Department, Police Department, Community Development, Parks & Community Services, Public Works, Utilities, Human Resources.

Community Services District



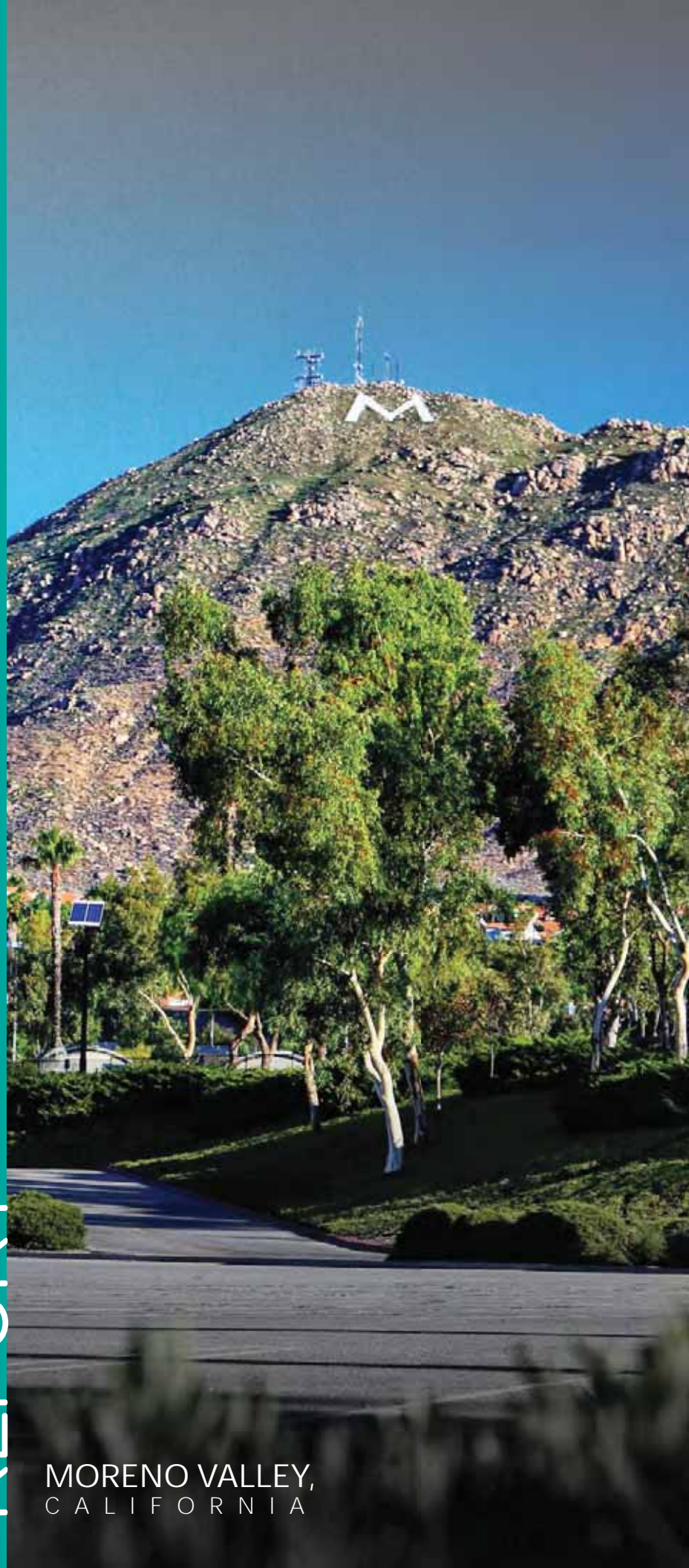
comprehensive annual **FINANCIAL** REPORT

FISCAL YEAR ENDED JUNE 30, 2020

FISCAL YEAR ENDED JUNE 30, 2020



community services district
financial
REPORT



MORENO VALLEY,
CALIFORNIA

**City of Moreno Valley, California
Community Services District**

**Financial Statements
Year Ended June 30, 2020**

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Independent Auditor's Report

To the Directors
City of Moreno Valley, California
Community Services District

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Report on the 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, 2020, 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 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 District'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 District'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.

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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, 2020, and the respective changes in financial position and budgetary comparison for Zone L Library Services, Zone A Parks and Community Services, Zone E Extensive Landscaping Administration, Landscape Maintenance District No. 2014-2 and Zone D Standard 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 management's discussion and analysis and the required pension and OPEB schedules 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 10, 2020 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

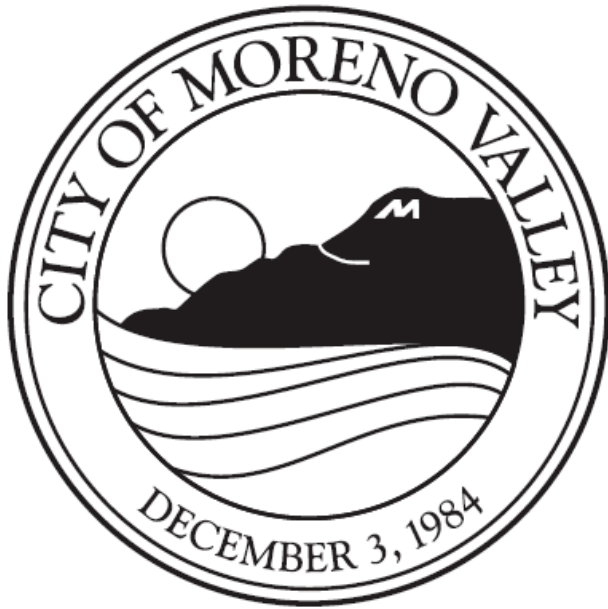
San Bernardino, California
December 10, 2020

**City of Moreno Valley, California
Community Services District**

**Statement of Net Position
June 30, 2020**

	Governmental Activities
Assets	
Cash and investments (note 2)	\$ 22,412,214
Receivables:	
Accounts	151,628
Due from other governments	267,421
Capital assets not being depreciated (note 3)	3,372,246
Capital assets, net of depreciation (note 3)	18,264,445
Total Assets	44,467,954
 Deferred Outflows of Resources	
Deferred outflows of resources related to pensions (note 4)	1,407,189
Deferred outflows of resources related to OPEB (note 5)	368,166
Total Deferred Outflows of Resources	1,775,355
 Liabilities	
Accounts payable	718,224
Unearned revenue	136,687
Due to the City of Moreno Valley	126,303
Net pension liability (note 4)	11,409,286
Net OPEB liability (note 5)	1,055,511
Total Liabilities	13,446,011
 Deferred Inflows of Resources	
Deferred inflows of resources related to pensions (note 4)	616,643
Deferred inflows of resources related to OPEB (note 5)	104,758
Total Deferred Inflows of Resources	721,401
 Net Position	
Net investment in capital assets (note 3)	21,636,691
Restricted for:	
Special zones	10,439,206
Total Net Position	\$ 32,075,897

The notes to financial statements are an integral part of this statement.



**City of Moreno Valley, California
Community Services District**

**Statement of Activities
For the Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
Community and cultural	\$ 15,526,573	\$ 5,635,493	\$ -	\$ -	\$ (9,891,080)
Public works	6,157,842	902,521	-	-	(5,255,321)
Total governmental activities	<u>\$ 21,684,415</u>	<u>\$ 6,538,014</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(15,146,401)</u>
General revenues:					
Taxes:					
Property taxes					5,835,209
Other taxes					6,772,211
Use of money and property					1,438,198
Other					49,802
Capital asset contribution from the City of Moreno Valley					1,970,733
Total general revenues and contributions					<u>16,066,153</u>
Change in net position					919,752
Net position - Beginning of year					31,156,145
Net position - End of year					<u>\$ 32,075,897</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Balance Sheet
Governmental Funds
June 30, 2020**

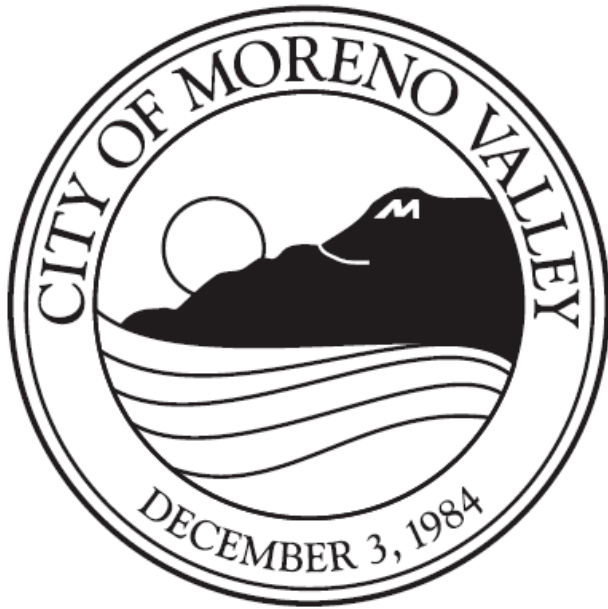
	Special Revenue Funds			
	Zone L Library Services	Zone A Parks and Community Services	Zone E Extensive Landscaping Administration	Landscape Maintenance District No. 2014-02
Assets				
Pooled cash and investments (note 2)	\$ 1,965,683	\$ 8,075,090	\$ 2,624,316	\$ 5,507,098
Receivables:				
Accounts	16,286	135,342	-	-
Due from other governments	56,320	138,811	819	27,351
Total Assets	\$ 2,038,289	\$ 8,349,243	\$ 2,625,135	\$ 5,534,449
 Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 199,878	\$ 13,301	\$ 233,294
Unearned revenues	-	136,687	-	-
Due to the City of Moreno Valley	-	114,742	-	-
Total Liabilities	-	451,307	13,301	233,294
 Fund Balances				
Restricted for:				
Special zones	2,038,289	7,897,936	2,611,834	5,301,155
Total Fund Balances	\$ 2,038,289	\$ 7,897,936	\$ 2,611,834	\$ 5,301,155
Total Liabilities and Fund Balances	\$ 2,038,289	\$ 8,349,243	\$ 2,625,135	\$ 5,534,449

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Balance Sheet
Governmental Funds
June 30, 2020**

Special Revenue Funds			
Zone D Standard Landscaping Administration	Nonmajor Governmental Funds	Total Governmental Funds	
\$ 2,322,357	\$ 1,917,670	\$ 22,412,214	Assets
-	-	151,628	Pooled cash and investments (note 2)
9,838	34,282	267,421	Receivables:
<u>\$ 2,332,195</u>	<u>\$ 1,951,952</u>	<u>\$ 22,831,263</u>	Accounts
			Due from other governments
			Total Assets
			Liabilities and Fund Balances
			Liabilities:
\$ 107,661	\$ 164,090	\$ 718,224	Accounts payable
-	-	136,687	Unearned revenues
-	11,561	126,303	Due to the City of Moreno Valley
<u>107,661</u>	<u>175,651</u>	<u>981,214</u>	Total Liabilities
			Fund Balances
			Restricted for:
2,224,534	1,776,301	21,850,049	Special zones
<u>\$ 2,224,534</u>	<u>\$ 1,776,301</u>	<u>\$ 21,850,049</u>	Total Fund Balances
<u>\$ 2,332,195</u>	<u>\$ 1,951,952</u>	<u>\$ 22,831,263</u>	Total Liabilities and Fund Balances



**City of Moreno Valley, California
Community Services District**

**Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2020**

Fund balances of governmental funds		\$ 21,850,049
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets, net of depreciation, used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.</p>		
Capital assets, not being depreciated	3,372,246	
Depreciable capital assets, net of accumulated depreciation	18,264,445	21,636,691
<p>Long-term liabilities related to pension and OPEB are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Net pension liability	(11,409,286)	
Net OPEB liability	(1,055,511)	(12,464,797)
<p>Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the governmental funds.</p>		
		1,775,355
<p>Deferred inflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the governmental funds.</p>		
		(721,401)
Net position of governmental activities		\$ 32,075,897

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

	Special Revenue Funds			
	Zone L Library Services	Zone A Parks and Community Services	Zone E Extensive Landscaping Administration	Landscape Maintenance District No. 2014-02
REVENUES				
Taxes:				
Property taxes	\$ 2,450,364	\$ 2,955,497	\$ -	\$ -
Other taxes	-	5,023,061	-	-
Fees and charges for services	24,662	769,374	148,566	2,013,572
Use of money and property	-	997,492	101,913	192,965
Fines and forfeitures	9,570	-	-	-
Contribution from the City of Moreno Valley	475,000	12,677	-	196,327
Miscellaneous	47	34,626	4,425	1,134
Total Revenues	<u>2,959,643</u>	<u>9,792,727</u>	<u>254,904</u>	<u>2,403,998</u>
EXPENDITURES				
Current:				
Community and cultural	2,365,216	8,898,928	-	-
Public works	-	-	249,415	2,093,311
Capital outlay	-	51,476	6,547	64,008
Total Expenditures	<u>2,365,216</u>	<u>8,950,404</u>	<u>255,962</u>	<u>2,157,319</u>
Excess (deficiency) of revenues over Expenditures	<u>594,427</u>	<u>842,323</u>	<u>(1,058)</u>	<u>246,679</u>
Net Change in Fund Balances	594,427	842,323	(1,058)	246,679
Fund balances - Beginning of Year	1,443,862	7,055,613	2,612,892	5,054,476
Fund Balances - End of Year	<u>\$ 2,038,289</u>	<u>\$ 7,897,936</u>	<u>\$ 2,611,834</u>	<u>\$ 5,301,155</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020**

Special Revenue Funds			
Zone D Standard Landscaping Administration	Nonmajor Governmental Funds	Total Governmental Funds	
\$ -	\$ 429,348	\$ 5,835,209	REVENUES
-	1,749,150	6,772,211	Taxes:
1,038,276	1,153,366	5,147,816	Property taxes
82,292	63,536	1,438,198	Other taxes
-	-	9,570	Fees and charges for services
-	706,194	1,390,198	Use of money and property
-	-	40,232	Fines and forfeitures
1,120,568	4,101,594	20,633,434	Contribution from the City of Moreno Valley
			Miscellaneous
			Total Revenues
			EXPENDITURES
-	1,245,603	12,509,747	Current:
924,321	2,890,795	6,157,842	Community and cultural
128,560	133,129	383,720	Public works
1,052,881	4,269,527	19,051,309	Capital outlay
			Total Expenditures
67,687	(167,933)	1,582,125	Excess (deficiency) of revenues over Expenditures
67,687	(167,933)	1,582,125	Net Change in Fund Balances
2,156,847	1,944,234	20,267,924	Fund balances - Beginning of Year
\$ 2,224,534	\$ 1,776,301	\$ 21,850,049	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 Statement of Activities
For the Year Ended June 30, 2020**

Net change in fund balances - total governmental funds \$ 1,582,125

Amounts reported for governmental activities in the statement of net position 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.

Capital outlay	383,720	
Depreciation expense	(2,493,784)	
Capital asset contribution from the City of Moreno Valley	1,970,733	(139,331)

Pension and OPEB expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

(523,042)

Change in net position of governmental activities \$ 919,752

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Statement
Zone L Library Services
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 2,190,560	\$ 2,190,560	\$ 2,450,364	\$ 259,804
Fees and charges for services	30,000	30,000	24,662	(5,338)
Fines and forfeitures	30,000	30,000	9,570	(20,430)
Contribution from the City of Moreno Valley	475,000	475,000	475,000	-
Miscellaneous	10	10	47	37
Total Revenues	<u>2,725,570</u>	<u>2,725,570</u>	<u>2,959,643</u>	<u>234,073</u>
Expenditures				
Current:				
Community and cultural	2,453,182	2,509,699	2,365,216	144,483
Total Expenditures	<u>2,453,182</u>	<u>2,509,699</u>	<u>2,365,216</u>	<u>144,483</u>
Excess (deficiency) of revenues over expenditures	<u>272,388</u>	<u>215,871</u>	<u>594,427</u>	<u>378,556</u>
Net change in Fund Balances	272,388	215,871	594,427	378,556
Fund Balance - Beginning of Year	1,443,862	1,443,862	1,443,862	-
Fund Balance - End of Year	<u>\$ 1,716,250</u>	<u>\$ 1,659,733</u>	<u>\$ 2,038,289</u>	<u>\$ 378,556</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Statement
Zone A Parks and Community Services
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property taxes	\$ 2,812,910	\$ 2,812,910	\$ 2,955,497	\$ 142,587
Other taxes	4,977,000	4,977,000	5,023,061	46,061
Fees and charges for services	1,148,683	1,156,483	769,374	(387,109)
Use of money and property	944,659	966,718	997,492	30,774
Contribution from the City of Moreno Valley	528,237	12,678	12,677	(1)
Miscellaneous	18,000	42,700	34,626	(8,074)
Total Revenues	<u>10,429,489</u>	<u>9,968,489</u>	<u>9,792,727</u>	<u>(175,762)</u>
Expenditures				
Current:				
Community and cultural	10,061,021	10,075,232	8,898,928	1,176,304
Capital outlay	-	58,306	51,476	6,830
Total Expenditures	<u>10,061,021</u>	<u>10,133,538</u>	<u>8,950,404</u>	<u>1,183,134</u>
Excess (deficiency) of revenues over expenditures	<u>368,468</u>	<u>(165,049)</u>	<u>842,323</u>	<u>1,007,372</u>
Net change in Fund Balances	368,468	(165,049)	842,323	1,007,372
Fund Balance - Beginning of Year	<u>7,055,613</u>	<u>7,055,613</u>	<u>7,055,613</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 7,424,081</u>	<u>\$ 6,890,564</u>	<u>\$ 7,897,936</u>	<u>\$ 1,007,372</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Statement
Zone E Extensive Landscaping Administration
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 118,480	\$ 149,085	\$ 148,566	\$ (519)
Use of money and property	13,200	13,200	101,913	88,713
Miscellaneous	-	-	4,425	4,425
Total Revenues	131,680	162,285	254,904	92,619
Expenditures				
Current:				
Public works	279,191	297,086	249,415	47,671
Capital outlay	34,500	34,500	6,547	27,953
Total Expenditures	313,691	331,586	255,962	75,624
Excess (deficiency) of revenues over expenditures	(182,011)	(169,301)	(1,058)	168,243
Net change in Fund Balances	(182,011)	(169,301)	(1,058)	168,243
Fund Balance - Beginning of Year	2,612,892	2,612,892	2,612,892	-
Fund Balance - End of Year	\$ 2,430,881	\$ 2,443,591	\$ 2,611,834	\$ 168,243

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Statement
Landscape Maintenance District No. 2014-02
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees and charges for services	\$ 1,901,416	\$ 2,032,206	\$ 2,013,572	\$ (18,634)
Use of money and property	24,000	24,000	192,965	168,965
Contribution from the City of Moreno Valley	200,000	203,673	196,327	(7,346)
Miscellaneous	-	150,000	1,134	(148,866)
Total Revenues	<u>2,125,416</u>	<u>2,409,879</u>	<u>2,403,998</u>	<u>(5,881)</u>
Expenditures				
Current:				
Public works	2,518,060	2,523,012	2,093,311	429,701
Capital outlay	288,000	288,000	64,008	223,992
Total Expenditures	<u>2,806,060</u>	<u>2,811,012</u>	<u>2,157,319</u>	<u>653,693</u>
Excess (deficiency) of revenues over expenditures	<u>(680,644)</u>	<u>(401,133)</u>	<u>246,679</u>	<u>647,812</u>
Net change in Fund Balances	(680,644)	(401,133)	246,679	647,812
Fund Balance - Beginning of Year	5,054,476	5,054,476	5,054,476	-
Fund Balance - End of Year	<u>\$ 4,373,832</u>	<u>\$ 4,653,343</u>	<u>\$ 5,301,155</u>	<u>\$ 647,812</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Statement
Zone D Standard Landscaping Administration
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 1,000,000	\$ 1,039,820	\$ 1,038,276	\$ (1,544)
Use of money and property	18,300	18,300	82,292	63,992
Total Revenues	1,018,300	1,058,120	1,120,568	62,448
Expenditures				
Current:				
Public works	1,105,995	1,107,543	924,321	183,222
Capital outlay	213,000	613,000	128,560	484,440
Total Expenditures	1,318,995	1,720,543	1,052,881	667,662
Excess (deficiency) of revenues over expenditures	(300,695)	(662,423)	67,687	730,110
Net change in Fund Balances	(300,695)	(662,423)	67,687	730,110
Fund Balance - Beginning of Year	2,156,847	2,156,847	2,156,847	-
Fund Balance - End of Year	\$ 1,856,152	\$ 1,494,424	\$ 2,224,534	\$ 730,110

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020**

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, as a blended component unit. 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 segments 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.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

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.

Zone E Extensive Landscaping Administration accounts for the operations necessary to provide landscape maintenance of public landscaping in and around specific residential/commercial developments throughout the City.

Landscape Maintenance District No. 2014-02 provides the funding for the maintenance of public landscaping in defined zones throughout the City.

Zone D Standard Landscaping Administration accounts for the operations necessary to provide landscape maintenance in and around specific residential developments throughout the City.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 1 Summary of Significant Accounting Policies (Continued)

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 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 XIII B 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 (legal level) for most funds is established by the amount of expenditures budgeted at the fund levels. Management control is exercised at 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 fund levels.

For the year ended June 30, 2020, there were no funds 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 of resources. 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.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

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 or 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.

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.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 1 Summary of Significant Accounting Policies (Continued)

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 \$5,000 or more 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 acquisition 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:

<u>Assets</u>	<u>Years</u>
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 activities and 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.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 1 Summary of Significant Accounting Policies (Continued)

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.

m. Pensions

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 1 Summary of Significant Accounting Policies (Continued)

n. Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Moreno Valley Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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 \$22,412,214

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 Comprehensive Annual Financial Report (CAFR), 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 CAFR for details about fair value measurement disclosures.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 3 Capital Assets

The following is a summary of capital assets for governmental activities:

	Balances 6/30/2019	Additions	Deletions	Balances 6/30/2020
Non-Depreciable Assets:				
Land	\$ 779,584	\$ -	\$ -	\$ 779,584
Construction in progress	370,272	2,322,935	(100,545)	2,592,662
Total Non-Depreciable Assets	<u>1,149,856</u>	<u>2,322,935</u>	<u>(100,545)</u>	<u>3,372,246</u>
Depreciable Assets				
Buildings and Improvements	62,208,196	12,152	-	62,220,348
Furniture and Equipment	4,120,480	119,911	(12,678)	4,227,713
Total Depreciable Assets	<u>66,328,676</u>	<u>132,063</u>	<u>(12,678)</u>	<u>66,448,061</u>
Less Accumulated Depreciation				
Buildings and Improvements	(43,673,278)	(2,053,602)	-	(45,726,880)
Furniture and Equipment	(2,029,232)	(440,182)	12,678	(2,456,736)
Total Accumulated Depreciation	<u>(45,702,510)</u>	<u>(2,493,784)</u>	<u>12,678</u>	<u>(48,183,616)</u>
Total Depreciable Assets, Net of Accumulated Depreciation	<u>20,626,166</u>	<u>(2,361,721)</u>	<u>-</u>	<u>18,264,445</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 21,776,022</u>	<u>\$ (38,786)</u>	<u>\$ (100,545)</u>	<u>\$ 21,636,691</u>

Depreciation expense was charged to functions/programs of the District as follows:
Governmental Activities:

Community and cultural \$ 2,493,784

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

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 publicly 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. Classic CalPERS members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPR CalPERS members with five years of total service are eligible to retire at age 52 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 2 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, 2020, are summarized as follows:

	Miscellaneous		
	Prior to December 23, 2011	December 23, 2011 thru December 31, 2012	On or after January 1, 2013
Hire Date	December 23, 2011	December 31, 2012	January 1, 2013
Benefit Formula	2.7% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement Age	50-55	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	35.893%	35.893%	35.893%

Employees Covered – At June 30, 2020, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous
Active Employees	311
Retired Employees	379
Inactive Employees	279

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 4 Pension Plans (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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Payroll growth	3.00%
Projected salary increase	Varies by Entry Age and Service (1)
Investment rate of return	7.375% (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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a 2014 CalPERS actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 4 Pension Plans (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.15% 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 7.15% 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 7.15% 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.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Public Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	<u>100%</u>		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 4 Pension Plans (Continued)

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, 2018 (MD)	\$ 10,766,051
Changes in the year:	
Service Cost	565,647
Interest on the Total Pension Liability	2,000,403
Differences between Expected and Actual Experience	488,079
Contributions - Employer	(949,858)
Contributions - Employees	(228,971)
Net Investment Income	(1,245,379)
Administrative Expense	13,357
Other Miscellaneous Income/(Expense)	(43)
Net Changes	643,235
Balance at June 30, 2019 (MD)	\$ 11,409,286

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate for the Miscellaneous Plan, as well as what the District'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:

	1% Decrease to 6.15%	Current Discount Rate 7.15%	1% Increase to 8.15%
Net Pension Liability	\$ 16,089,283	\$ 11,409,286	\$ 7,540,842

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 4 Pension Plans (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of \$504,286. At June 30, 2020, 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	\$ 1,067,498	\$ -
Changes of assumptions	32,382	(52,861)
Differences between expected and actual experiences	307,309	(53,347)
Net difference between projected and actual earnings on pension plan investments	-	(510,435)
	<u>\$ 1,407,189</u>	<u>\$ (616,643)</u>

The amount of \$1,067,498 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Periods Ending June 30,	
2020	\$ 117,946
2021	(218,432)
2022	(217,613)
2023	41,147
2024	-
Thereafter	-

Note: The fiscal year will be one year later than the measurement period. The 2020 measurement period presented in the above table will be listed as year 2021 in the District's fiscal year ending June 30, 2020 financial statements. As of June 30, 2020, the District did not have outstanding amount of contributions to the pension plan required for the year ending June 30, 2020.

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 5 Other Post-Employment Benefits (OPEB)

a. General Information about OPEB

Plan Description

The City's defined benefit postemployment healthcare plan provides a portion of certain health care for retired employees. In accordance with City policy, employees hired prior to September 30, 2011, who retire directly from the City under CalPERS (age 50 and 5 years of CalPERS service or disability) and are not temporary employees, are eligible for these benefits. In June 2009, the City established an irrevocable trust fund to begin funding the City's unfunded liability through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by state statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. The City administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date and employment status (Management or Non-Management). Benefits continue to the surviving spouses.

CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Headquarters, 400 Q Street, Sacramento, California 95811.

Benefits Provided

The Public Employees' Medical and Hospital Care Act (PEMHCA) minimum amount for retirees participating in PEMHCA is \$139 per month for 2020. PEMHCA amounts are adjusted on an annual basis.

An additional \$318.73 per month will be paid for medical, dental, and vision for full-time employees hired and for City Council elected before September 30, 2011. The total subsidy will not be greater than the premium for the retiree and spouse. Coverage is allowed under any medical plan.

Employees Covered by Benefit Terms

At June 30, 2018 (the census date), the following employees were covered by the benefit terms:

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 5 Other Post-Employment Benefits (OPEB) (Continued)

Category	Count
Active employees	296
Inactive employees or beneficiaries currently receiving benefit payments	270
Inactive employees entitled to but not yet receiving benefit payment	0

Contributions

The City establishes contributions based on the Actuarially Determined Contribution (ADC). For the year ended June 30, 2020, the City's ADC contribution rate was 4.62% of covered-employee-payroll. Employees do not contribute to the plan, but instead pay the difference between the benefit that they receive and the monthly premium for that benefit.

b. Net OPEB Liability

The District's net OPEB liability was valued as of June 30, 2018 and was used to calculate the net OPEB liability measured as of June 30, 2019.

Actuarial Assumptions

This valuation assumes that the City will fund the OPEB benefits using the ADC each year, with the ADC calculated as the sum of the Entry Age Normal Cost (cash subsidy only) for the year plus amortization of the Unfunded Actuarial Accrued Liability (UAAL) and estimated administrative expenses. The Normal Cost is the portion of the Actuarial Present Value of benefits allocated to a valuation year. The UAAL is the excess of the Entry Age Normal Actuarial Accrued Liability over the Market Value of Assets.

The total OPEB liability for the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	<u>June 30, 2018</u>	<u>June 30, 2019</u>	
Discount Rate	7.28%	6.17%	
Investment rate of return	7.28%	6.17%	
Inflation	2.50%	2.50%	
Healthcare cost trend rates	n/a	5.50%	Trending down to 3.84% over 55 years.
Salary Increases	2.75%	2.75%	Additional merit-based increases based on CalPERS merit salary increase tables.
Mortality Rates	Based on CalPERS tables.		

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 5 Other Post-Employment Benefits (OPEB) (Continued)

*Projections of the sharing of benefit-related costs are based on an established pattern of practice.

*Experience studies come from the CalPERS Pension Assumption Model, revised May 14, 2018.

*Inactive employees (retirees) pay for the cost of premiums not covered by the plan.

*There were no ad hoc postemployment benefit changes (including ad hoc COLAs) to the plan.

Change in Assumptions

For measurement date ending June 30, 2019 the discount rate and the investment rate of return decreased to 6.17% from 7.28%.

Discount rate

The discount rate used to measure the total OPEB liability was 6.17%. The projection of cash flows used to determine the discount rate assumed that the City contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was determined to be the long-term expected rate of return on OPEB plan investments.

Long-Term Expected Real Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using the long-term rates of return developed by the CalPERS Investment Office in their report dated August 18, 2014. The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	57%	8.71%
Fixed Income	27%	5.40%
Treasury Inflation Protection Securities	5%	5.25%
Real Estate Investment Trusts	8%	10.88%
Commodities	3%	7.95%

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 5 Other Post-Employment Benefits (OPEB) (Continued)

c. Change in the Net OPEB Liability

	Net OPEB Liability
Balance as of Report Date June 30, 2019	\$ 823,383
Changes for the year:	
Service cost	48,664
Interest on the total OPEB liability and Actual Experience	163,554 (26,983)
Changes of Assumptions	264,523
Contribution - employer	(128,977)
Net investment income	(90,439)
Other charges	1,469
Administrative expense	317
Net Changes	232,128
Balance as of Report Date June 30, 2020	\$ 1,055,511

Sensitivity of the Net OPEB Liability to Changes in the discount rate

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.17%) or one percentage point higher (7.17%) follows:

	1% Decrease 5.17%	Discount Rate 6.17%	1% Increase 7.17%
Net OPEB Liability	\$ 1,327,974	\$ 1,055,511	\$ 824,773

Sensitivity of the Net OPEB Liability to changes in the healthcare cost trend rates

The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (4.50%) or one percentage point higher (6.50%) than current healthcare cost trend rates follows:

	1% Decrease 4.50%	Trend Rate 5.50%	1% Increase 6.50%
	Decreasing to 2.84%	Decreasing to 3.84%	Decreasing to 4.84%
Net OPEB Liability	\$ 1,016,459	\$ 1,055,511	\$ 1,100,761

**City of Moreno Valley
Community Services District**

**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

Note 5 Other Post-Employment Benefits (OPEB) (Continued)

d. OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expenses of \$8,099. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,978	\$ (23,015)
Changes of assumptions	225,622	(81,743)
Net differences between projected and actual earnings on OPEB plan investments	3,026	-
CSD contribution subsequent to the measurement date	<u>126,540</u>	<u>-</u>
	<u>\$ 368,166</u>	<u>\$ (104,758)</u>

The amount of \$126,540 reported as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Report Year Ending June 30	
<u>2021</u>	\$ 6,261
2022	30,967
2023	23,276
2024	21,180
2025	25,228
Remaining	29,956

**City of Moreno Valley
Community Services District**

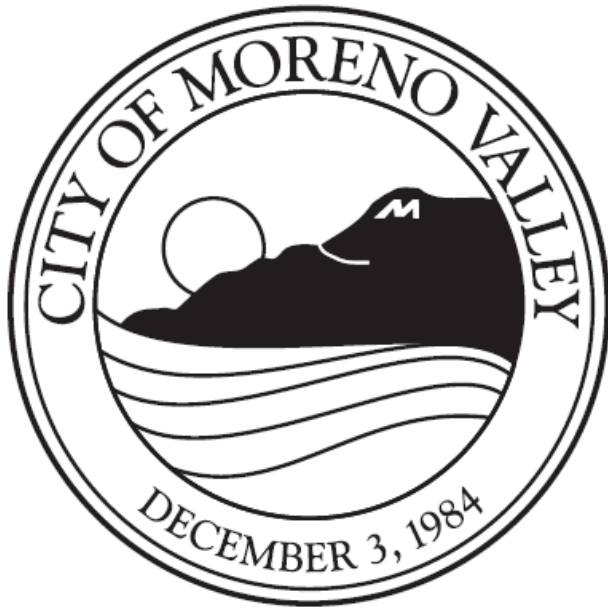
**Notes to Financial Statements
For the Year Ended June 30, 2020 (Continued)**

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, 2020 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 10, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.



**City of Moreno Valley, California
Community Services District**

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

	Special Revenue Funds		
	Lighting Maintenance District No. 2014-01	Zone C Arterial Street Lights Administration	Zone M Median
Assets			
Pooled cash and investments	\$ -	\$ 99,508	\$ 879,259
Due from other governments	13,601	9,228	534
Total Assets	\$ 13,601	\$ 108,736	\$ 879,793
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 2,040	\$ 11,498	\$ 87,269
Due to the City of Moreno Valley	11,561	-	-
Total Liabilities	13,601	11,498	87,269
Fund Balances			
Restricted for:			
Special zones	-	97,238	792,524
Total Fund Balances	\$ -	\$ 97,238	\$ 792,524
Total Liabilities and Fund Balances	\$ 13,601	\$ 108,736	\$ 879,793

**City of Moreno Valley, California
Community Services District**

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2020**

Special Revenue Funds			
CFD No. 1	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Governmental Funds	
\$ 787,673	\$ 151,230	\$ 1,917,670	Assets Pooled cash and investments Due from other governments
9,956	963	34,282	
\$ 797,629	\$ 152,193	\$ 1,951,952	Total Assets
\$ 61,903	\$ 1,380	\$ 164,090	Liabilities and Fund Balances Liabilities: Accounts payable Due to the City of Moreno Valley
-	-	11,561	
61,903	1,380	175,651	Total Liabilities
735,726	150,813	1,776,301	Fund Balances Restricted for: Special zones
\$ 735,726	\$ 150,813	\$ 1,776,301	
\$ 797,629	\$ 152,193	\$ 1,951,952	Total Liabilities and Fund Balances

**City of Moreno Valley, California
Community Services District**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020**

	Special Revenue Funds		
	Lighting Maintenance District No. 2014-01	Zone C Arterial Street Lights Administration	Zone M Median
Revenues			
Taxes:			
Property taxes	\$ 144,035	\$ 285,313	\$ -
Other taxes	-	428,160	-
Fees and charges for services	955,270	1,520	134,521
Use of money and property	-	7,650	31,818
Contribution from the City of Moreno Valley	525,704	-	180,490
Total Revenues	1,625,009	722,643	346,829
Expenditures			
Current:			
Community and cultural	-	-	-
Public works	1,703,382	863,933	275,916
Capital outlay	-	-	42,745
Total Expenditures	1,703,382	863,933	318,661
Excess (deficiency) of revenues over (under) expenditures	(78,373)	(141,290)	28,168
Net change in Fund Balances	(78,373)	(141,290)	28,168
Fund Balances - Beginning of Year	78,373	238,528	764,356
Fund Balances - End of Year	\$ -	\$ 97,238	\$ 792,524

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2020**

Special Revenue Funds			
CFD No. 1	Zone S Sunnymead Boulevard Maintenance	Total Nonmajor Governmental Funds	
			Revenues
			Taxes:
\$ -	\$ -	\$ 429,348	Property taxes
1,320,990	-	1,749,150	Other taxes
-	62,055	1,153,366	Fees and charges for services
18,952	5,116	63,536	Use of money and property
-	-	706,194	Contribution from the City of Moreno Valley
1,339,942	67,171	4,101,594	Total Revenues
			Expenditures
			Current:
1,245,603	-	1,245,603	Community and cultural
-	47,564	2,890,795	Public works
90,384	-	133,129	Capital outlay
1,335,987	47,564	4,269,527	Total Expenditures
			Excess (deficiency) of revenues over (under) expenditures
3,955	19,607	(167,933)	
			Net change in Fund Balances
731,771	131,206	1,944,234	Fund Balances - Beginning of Year
\$ 735,726	\$ 150,813	\$ 1,776,301	Fund Balances - End of Year

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Schedule
Lighting Maintenance District No. 2014-01
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property taxes	\$ 125,800	\$ 125,800	\$ 144,035	\$ 18,235
Fees and charges for services	955,700	963,382	955,270	(8,112)
Use of money and property	200	200	-	(200)
Contribution from the City of Moreno Valley	386,800	525,704	525,704	-
Total Revenues	<u>1,468,500</u>	<u>1,615,086</u>	<u>1,625,009</u>	<u>9,923</u>
Expenditures				
Current:				
Public works	1,468,459	1,693,459	1,703,382	(9,923)
Total Expenditures	<u>1,468,459</u>	<u>1,693,459</u>	<u>1,703,382</u>	<u>(9,923)</u>
Excess (deficiency) of revenues over expenditures	<u>41</u>	<u>(78,373)</u>	<u>(78,373)</u>	<u>-</u>
Net change in Fund Balances	41	(78,373)	(78,373)	-
Fund Balance - Beginning of Year	<u>78,373</u>	<u>78,373</u>	<u>78,373</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 78,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Schedule
Zone C Arterial Street Lights Administration
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Property taxes	\$ 230,100	\$ 230,100	\$ 285,313	\$ 55,213
Other taxes	423,600	429,124	428,160	(964)
Fees and charges for services	7,500	7,500	1,520	(5,980)
Use of money and property	(2,200)	(2,200)	7,650	9,850
Contribution from the City of Moreno Valley	191,400	-	-	-
Total Revenues	850,400	664,524	722,643	58,119
Expenditures				
Current:				
Public works	850,324	903,052	863,933	39,119
Total Expenditures	850,324	903,052	863,933	39,119
Excess (deficiency) of revenues over expenditures	76	(238,528)	(141,290)	97,238
Net change in Fund Balances	76	(238,528)	(141,290)	97,238
Fund Balance - Beginning of Year	238,528	238,528	238,528	-
Fund Balance - End of Year	\$ 238,604	\$ -	\$ 97,238	\$ 97,238

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Schedule
Zone M Median
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees and charges for services	\$ 120,700	\$ 135,736	\$ 134,521	\$ (1,215)
Use of money and property	3,900	3,900	31,818	27,918
Contribution from the City of Moreno Valley	180,490	180,490	180,490	-
Total Revenues	<u>305,090</u>	<u>320,126</u>	<u>346,829</u>	<u>26,703</u>
Expenditures				
Current:				
Public works	306,412	379,728	275,916	103,812
Capital outlay	133,000	183,000	42,745	140,255
Total Expenditures	<u>439,412</u>	<u>562,728</u>	<u>318,661</u>	<u>244,067</u>
Excess (deficiency) of revenues over expenditures	<u>(134,322)</u>	<u>(242,602)</u>	<u>28,168</u>	<u>270,770</u>
Net change in Fund Balances	(134,322)	(242,602)	28,168	270,770
Fund Balance - Beginning of Year	764,356	764,356	764,356	-
Fund Balance - End of Year	<u>\$ 630,034</u>	<u>\$ 521,754</u>	<u>\$ 792,524</u>	<u>\$ 270,770</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Schedule
CFD No. 1
For the Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes:				
Other taxes	\$ 1,318,600	\$ 1,318,600	\$ 1,320,990	\$ 2,390
Fees and charges for services	26,000	26,000	-	(26,000)
Use of money and property	7,170	7,170	18,952	11,782
Contribution from the City of Moreno Valley	10,000	-	-	-
Total Revenues	<u>1,361,770</u>	<u>1,351,770</u>	<u>1,339,942</u>	<u>(11,828)</u>
Expenditures				
Current:				
Community and cultural	1,390,762	1,383,622	1,245,603	138,019
Capital outlay	271,000	265,000	90,384	174,616
Total Expenditures	<u>1,661,762</u>	<u>1,648,622</u>	<u>1,335,987</u>	<u>312,635</u>
Excess (deficiency) of revenues over expenditures	<u>(299,992)</u>	<u>(296,852)</u>	<u>3,955</u>	<u>300,807</u>
Net change in Fund Balances	(299,992)	(296,852)	3,955	300,807
Fund Balance - Beginning of Year	731,771	731,771	731,771	-
Fund Balance - End of Year	<u>\$ 431,779</u>	<u>\$ 434,919</u>	<u>\$ 735,726</u>	<u>\$ 300,807</u>

The notes to financial statements are an integral part of this statement.

**City of Moreno Valley, California
Community Services District**

**Budgetary Comparison Schedule
Zone S Sunnymead Boulevard Maintenance
For the Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 63,000	\$ 63,572	\$ 62,055	\$ (1,517)
Use of money and property	500	500	5,116	4,616
Total Revenues	63,500	64,072	67,171	3,099
Expenditures				
Current:				
Public works	68,896	69,652	47,564	22,088
Total Expenditures	68,896	69,652	47,564	22,088
Excess (deficiency) of revenues over expenditures	(5,396)	(5,580)	19,607	25,187
Net change in Fund Balances	(5,396)	(5,580)	19,607	25,187
Fund Balance - Beginning of Year	131,206	131,206	131,206	-
Fund Balance - End of Year	\$ 125,810	\$ 125,626	\$ 150,813	\$ 25,187



CITY OF MORENO VALLEY,
FINANCIAL & MANAGEMENT SERVICES

14177 Frederick Street
Moreno Valley, CA 92552-0805
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APPENDIX C

PROPOSED FORM OF BOND COUNSEL OPINION

Upon the issuance of the 2021 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

October 12, 2021

Moreno Valley Public Financing Authority
c/o City of Moreno Valley
14177 Frederick Street
PO Box 88005
Moreno Valley, California 92552

Re: *\$30,985,000 Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2021 (Taxable)*

Members of the Board of Directors:

We have acted as Bond Counsel to the Moreno Valley Public Financing Authority (the "Authority") in connection with the issuance by the Authority of its Lease Revenue Refunding Bonds, Series 2021 (Taxable) in the aggregate principal amount of \$30,985,000 (the "2021 Bonds"). In connection therewith, we have reviewed:

(i) the Master Trust Agreement, dated as of December 1, 2015 (the "2015 Master Trust Agreement"), as amended and supplemented by the First Supplement to Master Trust Agreement, dated as of December 1, 2016 (the "First Supplement to the 2015 Master Trust Agreement"), the Second Supplement to Master Trust Agreement, dated as of April 1, 2019 (the "Second Supplement to the 2015 Master Trust Agreement"), and the Third Supplement to Master Trust Agreement, dated as of October 1, 2021 (the "Third Supplement to the 2015 Master Trust Agreement," and together with the 2015 Master Trust Agreement, the First Supplement to the 2015 Master Trust Agreement and the Second Supplement to the 2015 Master Trust Agreement, the "Trust Agreement"), each by and between the Authority and the Wells Fargo Bank, National Association, as trustee (the "Trustee");

(ii) the Master Facilities Lease, dated as of December 1, 2015 (the "2015 Master Facilities Lease"), as amended by the First Amendment to Master Facilities Lease, dated as of December 1, 2016 (the "First Amendment to the 2015 Master Facilities Lease"), the Second Amendment to Master Facilities Lease, dated as of April 1, 2019 (the "Second Amendment to the 2015 Master Facilities Lease"), and the Third Amendment to Master Facilities Lease, dated as of October 1, 2021 (the "Third Amendment to the 2015 Master Facilities Lease," and together with the 2015 Master Facilities Lease, the First Amendment to the 2015 Master Facilities Lease and the Second Amendment to the 2015 Master Facilities Lease, the "Facilities Lease"), each by and between the City of Moreno Valley (the "City"), as lessor, and the Authority, as lessee;

(iii) the Master Facilities Sublease, dated as of December 1, 2015 (the "2015 Master Facilities Sublease"), as amended and supplemented by the First Amendment to Master Facilities Sublease, dated as of December 1, 2016 (the "First Amendment to the 2015 Master Facilities Sublease"), the Second Amendment to Master Facilities Sublease, dated as of April 1, 2019 (the "Second Amendment to the 2015 Master Facilities Sublease"), and the Third Amendment to Master Facilities Sublease, dated as of October 1, 2021 (the "Third Amendment to the 2015 Master Facilities Sublease," and together with the 2015 Master Facilities Sublease, the First Amendment to the 2015 Master Facilities Sublease and the Second Amendment to the 2015 Master Facilities Sublease, the "Facilities Sublease"); and

(iv) opinions of counsel to the Authority, the City and the Trustee, certificates of the Authority, the City and the Trustee and others and such other documents, opinions and matters to the extent that we deemed

necessary to render the opinions set forth herein. Capitalized terms that are not otherwise defined herein have the meanings that are ascribed thereto in the Indenture.

Based upon our examination of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The obligation of the City to pay Base Rental Payments in accordance with the terms of the Facilities Sublease is a valid and binding obligation payable from the funds of the City lawfully available therefor. The obligation of the City to make Base Rental Payments under the Facilities Sublease does not constitute a debt of the City, the State of California (the "State") or any political subdivision thereof within the meaning of any statutory or constitutional debt limitation or restriction and does not constitute a pledge of the faith and credit or taxing power of the City, the State or any political subdivision thereof.

2. The Third Amendment to the 2015 Master Facilities Sublease has been duly authorized, executed and delivered by the City and the Authority, and the Facilities Sublease constitutes the valid and legally binding agreement of the City and the Authority enforceable against the City and the Authority in accordance with its terms, except that we express no opinion as to any provisions in the Facilities Sublease with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver.

3. The Third Supplement to the 2015 Master Trust Agreement has been duly authorized, executed and delivered by the Authority and, assuming due execution and delivery by the Trustee, and the Trust Agreement constitutes the valid and legally binding agreement of the Authority enforceable against the Authority in accordance with its terms, except that we express no opinion as to any provisions in the Trust Agreement with respect to indemnification, penalty, contribution, choice of law, choice of forum or waiver.

4. Interest on the 2021 Bonds is exempt from personal income taxes imposed in the State.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the 2021 Bonds terminates on the date of their issuance. The Trust Agreement, the Facilities Lease and the Facilities Sublease permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than as expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2021 Bonds.

We have not made or undertaken to make an investigation of the state of title to any of the real property described in the Facilities Lease and the Facilities Sublease or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

Our opinion is limited to matters governed by the laws of the State. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Trust Agreement, the Facilities Lease, the Facilities Sublease and the 2021 Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2021 Bonds and expressly disclaim any duty to advise the Owners of the 2021 Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the Series 2021 Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Moreno Valley (the “City”) in connection with the issuance by the Moreno Valley Public Financing Authority (the “Authority”) of its \$30,985,000 Lease Revenue Refunding Bonds, Series 2021 (Taxable) (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Agreement, dated as of December 1, 2015 (the “2015 Master Trust Agreement”), as amended and supplemented by the First Supplement to Master Trust Agreement, dated as of December 1, 2016 (the “First Supplement to the 2015 Master Trust Agreement”), the Second Supplement to Master Trust Agreement, dated as of April 1, 2019 (the “Second Supplement to the 2015 Master Trust Agreement”), and the Third Supplement to Master Trust Agreement, dated as of October 1, 2021 (the “Third Supplement to the 2015 Master Trust Agreement,” and together with the 2015 Master Trust Agreement, the First Supplement to the 2015 Master Trust Agreement and the Second Supplement to the 2015 Master Trust Agreement, the “Trust Agreement”), each by and between the Authority and the Wells Fargo Bank, National Association, as trustee (the “Trustee”). The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Bond Insurer, the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

Bond Insurer. The term “Bond Insurer” means Assured Guaranty Municipal Corp.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.*

* The City shall interpret the events identified in Sections (5)(a)(10) and 5(b)(8) hereof in accordance with Release No. 34-83885 adopted by the Securities and Exchange Commission on August 20, 2018, or any future guidance or releases provided by the Securities and Exchange Commission.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated September 15, 2021 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The City shall provide not later than each March 31 following the end of its Fiscal Year (commencing March 31, 2022 with the Fiscal Year ended June 30, 2021) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the City is unable to provide to EMMA an Annual Report by the date required in subsection (a), the City shall send in a timely manner to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) audited financial statements of the City for the prior Fiscal Year, 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 City’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), 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 come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain the following information:

(i) revenues, expenditures, and beginning and ending fund balances relating to the General Fund of the City for the most recently completed Fiscal Year;

(ii) assessed valuations of property in the City;

(iii) property tax levies and collections for the most recently completed Fiscal Year;

(iv) top ten property taxpayers in the City;

(v) State of California motor vehicle in-lieu payments received; and

(vi) outstanding debt of the City for the most recently completed Fiscal Year, including revenue and lease indebtedness.

The items described above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the City shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental 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 obligated person; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of security holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the securities;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the City, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Termination of Obligation. The City'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 City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule, taking into account any subsequent change in or official interpretation of the Rule.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Bond Insurer or any Holders or Beneficial Owners of at least 50% aggregate principal amount 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 City 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

Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Bond Insurer, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: October 12, 2021

CITY OF MORENO VALLEY

By: _____
Its: City Manager

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the City and the Underwriter believe to be reliable, but none of the Authority, the City or the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2021 Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2021 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2021 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Series 2021 Bonds, each in the aggregate principal amount of such annual 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 an S&P Global Ratings 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. The information set forth on such website is not incorporated herein by reference.

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2021 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 2021 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 the Series 2021 Bonds, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 Series 2021 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 2021 Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such Series 2021 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 Series 2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2021 Bond documents. For example, Beneficial Owners of Series 2021 Bonds may wish to ascertain that the nominee holding the Series 2021 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 2021 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 Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 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 Authority 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 Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority 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.

A Series 2021 Bond Owner shall give notice to elect to have its Series 2021 Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Series 2021 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2021 Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Series 2021 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2021 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2021 Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES 2021 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2021 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX F

GENERAL INFORMATION REGARDING THE CITY OF MORENO VALLEY AND THE REGION

The following information is presented as general background data. The Series 2021 Bonds are payable solely from the Base Rental Payments under the Facilities Sublease as described in the Official Statement. The taxing power of the City, the State or any political subdivision thereof is not pledged to the payment of the Base Rental Payments or the Series 2021 Bonds.

Although reasonable efforts have been made to include up-to-date information in this Appendix, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein. In particular, certain of the tables in this Appendix include data for periods prior to the outbreak of COVID-19 and may not reflect current information.

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 largest city in Riverside County with an estimated population of 209,426 as of January 1, 2021. The table below sets forth the total population of the City, the County of Riverside (the “County”) and the State of California (the “State”).

CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE AND STATE OF CALIFORNIA Population

	<i>Calendar Year</i>				
	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
Moreno Valley	204,285	207,629	207,190	208,791	209,426
Riverside County	2,382,640	2,415,933	2,419,057	2,440,719	2,454,453
California	39,500,973	39,809,693	39,605,361	39,648,938	39,466,855

Source: State of California Department of Finance.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2016 through 2020 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**

<i>Year and Area</i>	<i>Labor Force</i>	<i>Employment</i> ⁽¹⁾	<i>Unemployment</i> ⁽²⁾	<i>Unemployment Rate (%)</i> ⁽³⁾
2016				
City of Moreno Valley	92,400	86,400	6,000	6.5%
Riverside County	1,052,600	988,200	64,500	6.1
State of California	19,093,700	18,048,800	1,044,800	5.5
United States ⁽⁴⁾	159,187,000	151,436,000	7,751,000	4.9
2017				
City of Moreno Valley	91,400	86,200	5,200	5.7%
Riverside County	1,072,500	1,016,200	56,300	5.2
California	19,312,000	18,393,100	918,900	4.8
United States ⁽⁴⁾	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Moreno Valley	94,200	89,900	4,300	4.6%
Riverside County	1,090,100	1,041,500	48,600	4.5
California	19,263,900	18,442,400	821,500	4.3
United States ⁽⁴⁾	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Moreno Valley	95,400	91,200	4,100	4.3%
Riverside County	1,105,700	1,058,700	47,000	4.2
California	19,353,700	18,550,500	803,200	4.2
United States ⁽⁴⁾	163,539,000	157,538,000	6,001,000	3.8
2020				
City of Moreno Valley	97,100	87,000	10,100	10.4%
Riverside County	1,107,700	997,700	110,000	9.9
California	18,821,200	16,913,100	1,908,100	10.1
United States ⁽⁴⁾	160,742,000	147,795,000	12,947,000	8.1

⁽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 2020 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 2020.

CITY OF MORENO VALLEY
Largest Employers – Fiscal Year 2020

<i>Employer</i>	<i>Number of Employees</i>	<i>Type of Business</i>
March Air Reserve Base	9,600	Military
Amazon.com, Inc.	7,500	Fulfillment
Riverside University Health Systems Medical Center	3,400	Medical
Moreno Valley Unified School District	3,100	Public Agency
Ross Dress for Less / D D's Discounts	2,400	Distribution
Moreno Valley Mall (excludes major tenants)	1,500	Retail
Kaiser Permanente Community Hospital	1,457	Medical
Skechers USA	1,200	Distribution
Harbor Freight Tools	788	Distribution
Deckers Outdoor	700	Distribution

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

COUNTY OF RIVERSIDE
Largest Employers – Fiscal Year 2020

<i>Employer</i>	<i>Number of Employees</i>	<i>Type of Business</i>
County of Riverside	21,672	Public Agency
Amazon.com, Inc.	10,500	Fulfillment
University of California, Riverside	9,770	University
March Air Reserve Base	9,600	Military
Stater Brothers Markets	8,304	Grocery
Kaiser Permanente Riverside Medical Center	5,700	Medical
Pechanga Resort & Casino	5,078	Gaming/Hospitality
Wal-Mart	4,931	Retail
Corona-Norco Unified School District	4,903	Public Agency
Ross Dress for Less	4,321	Distribution

Source: County of Riverside Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Industry

Residents of the City find employment throughout the Riverside-San Bernardino-Ontario Labor Market Area. 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 County for the period from 2016 through 2020.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA Industry Employment and Labor Force (Annual Average)

	2016	2017	2018	2019	2020
Civilian Labor Force	1,981,900	2,014,300	2,045,200	2,070,700	2,073,900
Civilian Employment	1,836,600	1,910,800	1,957,200	1,986,100	1,872,600
Civilian Unemployment	118,300	103,500	88,000	84,600	201,300
Civilian Unemployment Rate	6.0%	5.1%	4.3%	4.1%	9.7%
Total Farm	14,600	14,500	14,500	15,400	13,900
Total Nonfarm	1,401,400	1,452,800	1,506,000	1,552,100	1,487,800
Total Private	1,159,100	1,201,800	1,248,800	1,290,900	1,238,700
Goods Producing	190,400	196,400	206,100	208,900	200,500
Mining and Logging	900	1,000	1,200	1,200	1,300
Construction	92,000	97,400	105,200	107,200	105,000
Manufacturing	97,500	98,000	99,800	100,600	94,300
Service Providing	1,211,000	1,256,400	1,299,900	1,343,200	1,287,400
Trade, Transportation and Utilities	346,300	363,400	378,800	394,400	403,800
Wholesale Trade	61,600	62,600	65,500	67,100	64,600
Retail Trade	178,300	180,900	181,200	180,700	168,800
Transportation, Warehousing and Utilities	106,400	119,900	132,100	146,600	170,500
Information	11,800	11,600	11,400	11,500	9,400
Financial Activities	44,900	44,700	44,600	45,000	43,700
Professional and Business Services	145,100	147,300	152,000	158,700	154,000
Educational and Health Services	215,700	226,700	239,500	250,300	248,700
Leisure and Hospitality	160,200	166,300	170,600	175,900	139,200
Other Services	44,600	45,400	45,800	46,200	39,600
Government	242,300	251,000	257,200	261,200	249,100
Total, All Industries	<u>1,416,600</u>	<u>1,467,300</u>	<u>1,520,500</u>	<u>1,567,500</u>	<u>1,501,800</u>

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 G.

Source: State of California, Employment Development Department, March 2020 Benchmark.

Assessed Valuation

The table below sets forth the City’s assessed valuation of property for the last five Fiscal Years for which information is available.

**CITY OF MORENO VALLEY
Assessed Valuation of Taxable Property (Dollars in Thousands)**

<i>Fiscal Year Ended June 30</i>	<i>Secured Value</i>	<i>Unsecured Value</i>	<i>Total Assessed and Estimated Full Value</i>
2016	\$12,991,881	\$486,350	\$13,478,231
2017	13,703,128	609,642	14,312,770
2018	14,517,849	584,791	15,102,640
2019	15,490,166	637,631	16,127,798
2020	16,780,625	718,741	17,499,366

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Tax Levy and Tax Collection

Below is a summary of the property tax levies and total collections for the last five Fiscal Years for which information is available.

**CITY OF MORENO VALLEY
Property Tax Levies and Collections**

<i>Fiscal Year Ended June 30</i>	<i>Taxes Levied</i>	<i>Collected within the Fiscal Year of Levy</i>		<i>Collections in Subsequent Years</i>	<i>Total Collections to Date</i>	
		<i>Amount</i>	<i>Percent of Levy⁽¹⁾</i>		<i>Amount</i>	<i>Percent of Levy</i>
2016	\$27,643,578	\$27,249,232	98.57%	\$394,345	\$27,643,578	100.00
2017	28,476,155	28,270,448	99.28	205,707	28,476,155	100.00
2018	29,595,157	29,425,906	99.43	169,250	29,595,157	100.00
2019	30,459,787	30,334,346	99.59	125,440	30,459,787	100.00
2020	31,609,650	31,609,650	100.00	-	31,609,650	100.00

⁽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

⁽²⁾ 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 Fiscal Year Ended June 30, 2020.

Largest Taxpayers

The principal property taxpayers in the City for 2020 were as follows:

CITY OF MORENO VALLEY Largest Property Taxpayers

<i>Taxpayer</i>	<i>2020 Taxable Assessed Valuation</i>	<i>% of Total Assessed Valuation</i>
First Industrial LP	\$ 254,845,614	1.49%
Skechers USA, Inc.	241,202,054	1.41
Duke Realty LP	206,119,877	1.20
TGA Centerpointe LLC	171,226,591	1.00
Ross Dress for Less, Inc.	143,757,205	0.84
FR California Moreno Valley	125,434,404	0.73
Confidential	119,844,858	0.70
FR California Indian Avenue	119,277,171	0.70
Walgreen Company	117,129,812	0.68
Towngate on Memorial Apartments	<u>102,555,939</u>	<u>0.60</u>
TOTAL	\$ 1,601,393,525	9.35%

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2016 through 2020 are shown in the following tables for both the County and the City.

COUNTY OF RIVERSIDE Building Permit Valuations (Dollars in Thousands)

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Valuation (\$000):					
Residential	\$1,759,535	\$1,903,417	\$2,558,081	\$2,275,405	\$2,519,303
Non-residential	<u>1,346,019</u>	<u>1,433,691</u>	<u>1,959,680</u>	<u>1,285,856</u>	<u>1,153,778</u>
Total*	\$3,105,554	\$3,337,108	\$4,517,761	\$3,561,261	\$3,673,081
Residential Units:					
Single family	5,662	6,265	7,540	6,563	8,443
Multiple family	<u>1,039</u>	<u>1,070</u>	<u>1,628</u>	<u>1,798</u>	<u>723</u>
Total	6,701	7,335	9,168	8,361	9,166

* Totals may not add to sums because of rounding.

Source: Construction Industry Research Board.

CITY OF MORENO VALLEY
Building Permit Valuations (Dollars in Thousands)

	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Valuation (\$000):					
Residential	\$ 53,041	\$ 151,647	\$ 322,159	\$ 83,548	\$ 89,140
Non-residential	<u>40,354</u>	<u>278,495</u>	<u>433,939</u>	<u>427,693</u>	<u>158,503</u>
Total	\$ 93,395	\$ 430,142	\$ 756,098	\$ 511,241	\$ 247,643
Residential Units:					
Single family	100	451	854	315	186
Multiple family	<u>112</u>	<u>16</u>	<u>372</u>	<u>14</u>	<u>237</u>
Total	212	467	1,226	329	423

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

Commercial Activity

Trade outlet and retail sales activity for the last five Fiscal Years for which information is available are summarized below.

CITY OF MORENO VALLEY
Taxable Transactions and Sales Permits (Dollars in Thousands)

<i>Calendar Year</i>	<i>Total Retail Stores</i>	<i>Total Retail Stores Permits</i>	<i>Total Taxable Transactions</i>	<i>Total Issued Permits</i>
2017	\$1,506,226	2,152	\$1,691,312	2,950
2018	1,609,248	2,228	1,789,391	3,103
2019	1,666,684	2,347	1,856,100	3,351
2020	1,659,839	2,629	1,882,893	3,833
2021 ⁽¹⁾	597,100	2,541	661,593	3,750

⁽¹⁾ Through first quarter of 2021.
Source: California State Board of Equalization.

CITY OF MORENO VALLEY
Retail Sales (Dollars in Thousands)

<i>Type of Business</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021⁽¹⁾</i>
Auto Dealers	\$ 303,915	\$ 327,970	\$ 341,773	\$ 374,779	\$ 98,831
Home Furnishing	42,227	51,181	50,213	56,631	15,587
Building Materials	121,546	124,804	144,205	202,136	50,287
Food Stores	138,802	148,170	144,879	145,295	39,177
Service Stations	168,956	199,986	197,059	155,769	47,322
Apparel Stores	127,517	134,013	127,678	93,146	30,569
General Merchandise Stores	287,861	286,409	304,554	294,182	73,673
Eating/Drinking Places	257,844	269,886	287,618	268,659	71,253
Other Retail Stores	<u>66,558</u>	<u>66,829</u>	<u>68,705</u>	<u>69,242</u>	<u>170,401</u>
Retail Stores Totals	\$ 1,506,226	\$ 1,609,248	\$ 1,666,684	\$ 1,659,839	\$ 597,100
All Other Outlets	<u>185,086</u>	<u>180,143</u>	<u>189,416</u>	<u>223,054</u>	<u>64,493</u>
Total All Outlets	<u>\$ 1,691,312</u>	<u>\$ 1,789,391</u>	<u>\$ 1,856,100</u>	<u>\$ 1,882,893</u>	<u>\$ 661,593</u>

⁽¹⁾ Through first quarter of 2021.
Source: California State Board of Equalization.

The table below presents taxable sales for the County for the last five Fiscal Years for which information is available.

COUNTY OF RIVERSIDE TAXABLE SALES
Taxable Sales
(Dollars in Thousands)

<i>Year</i>	<i>Permits</i>	<i>Taxable Transactions</i>
2017	58,969	\$36,407,460
2018	61,433	38,919,498
2019	64,063	40,626,998
2020	69,284	42,313,474
2021 ⁽¹⁾	65,864	11,882,990

⁽¹⁾ Through first quarter of 2021.

Source: "Taxable Sales in California (Sales & Use Tax)" - California State Board of Equalization.

Personal Income

The following tables show the personal income and per capita personal income for the City, County, State of California and United States for the last five Fiscal Years for which information is available.

**CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, AND UNITED STATES**
Personal Income

<i>Year</i>	<i>City of Moreno Valley</i>	<i>County of Riverside</i>	<i>California</i>	<i>United States</i>
2016	\$3,671,016	\$90,713,807	\$2,273,557,468	\$16,151,881,000
2017	3,775,669	94,542,096	2,383,130,513	16,937,582,000
2018	3,902,595	99,266,122	2,514,503,372	17,839,255,000
2019	4,085,746	104,794,676	2,632,279,775	18,542,262,000
2020	4,500,668	-- ⁽¹⁾	-- ⁽¹⁾	-- ⁽¹⁾

Note: Dollars in Thousands.

⁽¹⁾ 2020 figures not yet available for County of Riverside, State of California and United States.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2020 ACFR.

**CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, AND UNITED STATES**
Per Capita Personal Income

<i>Year</i>	<i>City of Moreno Valley</i>	<i>County of Riverside</i>	<i>California</i>	<i>United States</i>
2016	\$17,874	\$38,114	\$58,048	\$50,015
2017	18,262	39,148	60,549	52,118
2018	18,796	40,587	63,720	54,606
2019	19,615	42,418	66,619	56,490
2020	21,551	-- ⁽²⁾	-- ⁽²⁾	-- ⁽²⁾

⁽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⁾ 2020 figures not yet available for County of Riverside, State of California and United States.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2020 ACFR.

Agriculture

Agriculture is a significant source of income in the County. In 2020, principal agricultural products were milk, nursery stock, table grapes, hay, lemons, bell peppers, eggs, grapefruit, dates and avocados.

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, has from time to time, including in recent years, experienced a severe drought. The County cannot predict the impact that a prolonged drought would have on agricultural production in the County.

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") to provide electric 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 to 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 Ontario International Airport Authority), located within 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 33,134 students, and Val Verde Unified School District, with an approximate enrollment of 20,244 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 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.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100



FOR ADDITIONAL BOOKS: ELABRA.COM OR (888) 935-2272