

S&P: “AA” (INSURED SERIES 2024A BONDS)

S&P: “AA-” (UNDERLYING/UNINSURED SERIES 2024A BONDS)

(See “RATINGS” herein)

In the opinion of Stradling Yocca Carlson & Rauth LLP, 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 in this Official Statement, interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax. See the caption “TAX MATTERS” with respect to tax consequences relating to the Series 2024A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

\$21,960,000

**MORENO VALLEY PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2024A**

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

The Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2024A (the “**Series 2024A Bonds**”) are payable from base rental payments (the “**Base Rental Payments**”) to be made by the City of Moreno Valley (the “**City**”) for the right to use certain City-owned property (the “**Property**”) pursuant to a Lease Agreement, dated as of August 1, 2024 (the “**Lease Agreement**”), by and between the City, as lessee, and the Moreno Valley Public Financing Authority (the “**Authority**”), as lessor. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS.”

The Series 2024A Bonds are being issued to provide funds to (i) refund the outstanding Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014; (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Insured Series 2024A Bonds when due, (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the Series 2024A Bonds, and (iv) pay the costs incurred in connection with the issuance of the Series 2024A Bonds. See “SOURCES AND USES OF FUNDS.”

The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City’s obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property. See “RISK FACTORS—Abatement.”

The Series 2024A 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 2024A Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2024. Purchasers will not receive certificates representing their interest in the Series 2024A Bonds. Individual purchases of the Series 2024A Bonds may be made in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2024A Bonds will be paid by Wilmington Trust, 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 2024A Bonds. See “THE SERIES 2024A BONDS—Book-Entry Only System” herein.

The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of August 1, 2024, (the “**Indenture**”), by and among the City, the Authority and the Trustee. The Series 2024A Bonds and any additional bonds issued pursuant to the Indenture (“**Additional Bonds**”) are collectively referred to herein as the “**Bonds**.” See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS.”

The Series 2024A Bonds are not subject to optional redemption prior to maturity. The Series 2024A Bonds are subject to extraordinary prior to maturity. See “THE SERIES 2024A BONDS—Redemption.”

The scheduled payment of principal of and interest on the Series 2024A Bonds maturing on November 1 of the years 2028 through 2035, inclusive (the “**Insured Series 2024A Bonds**”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. or its successor ASSURED GUARANTY INC. See “BOND INSURANCE—Bond Insurance Policy.”



The Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of 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 of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

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 2024A 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 LLP, Newport Beach, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also acting as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City, 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 2024A Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about August 6, 2024.

STIFEL

\$21,960,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, SERIES 2024A

MATURITY SCHEDULE
BASE CUSIP[†]: 61685P

<i>Maturity Date (November 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP[†]</i>
2024	\$ 1,750,000	5.000%	3.350%	100.376	EW4
2025	1,425,000	5.000	2.930	102.490	EX2
2026	1,485,000	5.000	2.890	104.532	EY0
2027	1,570,000	5.000	2.850	106.597	EZ7
2028 ^I	1,645,000	5.000	2.850	108.517	FA1
2029 ^I	1,725,000	5.000	2.840	110.436	FB9
2030 ^I	1,815,000	5.000	2.850	112.200	FC7
2031 ^I	1,910,000	5.000	2.870	113.824	FD5
2032 ^I	2,000,000	5.000	2.900	115.283	FE3
2033 ^I	2,100,000	5.000	2.910	116.816	FF0
2034 ^I	2,210,000	5.000	2.920	118.285	FG8
2035 ^I	2,325,000	5.000	2.970	119.268	FH6

^I Insured Bond.

[†] CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the City nor the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

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 2024A 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 2024A 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 2024A 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, their 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. The Series 2024A Bonds may not be sold nor may an offer to buy be accepted prior to the time this Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2024A 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 in the information under the captions “THE CITY,” “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. THE CITY DOES NOT PLAN 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 2024A BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2024A 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 2024A BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE SERIES 2024A 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.

Assured Guaranty Municipal Corp. or its successor Assured Guaranty Inc. (the “**Insurer**”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer 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 the Insurer supplied by the Insurer and presented under the caption “BOND INSURANCE” and Appendix G—“SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

A wide variety of other information, including financial information, concerning the City is available from publications and website of City. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of or incorporated into this Official Statement, except as expressly noted.

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CITY OF MORENO VALLEY

MAYOR AND MEMBERS OF THE CITY COUNCIL

Ulises Cabrera, Mayor
Cheylynda Barnard, Mayor Pro Tem, District 4
Elena Baca-Santa Cruz, Councilmember, District 1
Ed A. Delgado, Councilmember, District 2
Vacant, Councilmember, District 3¹

MORENO VALLEY PUBLIC FINANCING AUTHORITY

Ulises Cabrera, Chair
Cheylynda Barnard, Vice Chair
Ed A. Delgado, Boardmember
Elena Baca-Santa Cruz, Boardmember

STAFF

Mike Lee, City Manager/Authority Executive Director
Steve Quintanilla, City Attorney
Brian Mohan, Assistant City Manager (Administration)
Launa Jimenez, Chief Financial Officer/City Treasurer
M. Patricia Rodriguez, Acting City Clerk/Authority Secretary

SPECIAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

Municipal Advisor

Fieldman Rolapp & Associates, Inc.
Irvine, California

Trustee

Wilmington Trust, National Association
Costa Mesa, California

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

¹ This seat is currently vacant and is expected to be filled at the November 2024 election.

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OFFICIAL STATEMENT

\$21,960,000

MORENO VALLEY PUBLIC FINANCING AUTHORITY LEASE REVENUE REFUNDING BONDS, SERIES 2024A

INTRODUCTION

General

This Official Statement (which includes the cover page, inside cover page and the appendices hereto) (the “**Official Statement**”), provides certain information concerning the sale and delivery of \$21,960,000* aggregate principal amount of Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2024A (the “**Series 2024A Bonds**”).

The net proceeds of the sale of the Series 2024A Bonds will be used to (i) refund the outstanding Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2014 (the “**2014 Bonds**”), (ii) purchase a municipal bond insurance policy (the “**Policy**”) to guarantee payment of the principal of and interest on the Insured Series 2024A Bonds when due, as described under the caption “**BOND INSURANCE,**” (iii) purchase a debt service reserve insurance policy (the “**Reserve Surety Policy**”) for deposit in the Reserve Fund for the Series 2024A Bonds, and (iv) pay the costs incurred in connection with the issuance of the Series 2024A Bonds. See “**SOURCES AND USES OF FUNDS**” herein.

The Series 2024A Bonds are equally and ratably payable from base rental payments (the “**Base Rental Payments**”) to be made by the City for the right to use certain real property consisting of the Moreno Valley City Hall (the “**Property**”) pursuant to a Lease Agreement, dated as of August 1, 2024 (the “**Lease Agreement**”), between the City, as lessee, and the Moreno Valley Public Financing Authority (the “**Authority**”), as lessor.

The Series 2024A Bonds will be issued pursuant to an Indenture, dated as of August 1, 2024 (the “**Indenture**”), by and among the Authority, the City and Wilmington Trust, National Association, as trustee (the “**Trustee**”). Pursuant to the Indenture, the Authority may issue additional bonds (the “**Additional Bonds**”) payable from the Base Rental Payments on a parity with the Series 2024A Bonds (the Series 2024A Bonds and any such Additional Bonds being collectively referred to as the “**Bonds**”) subject to certain conditions.

Pursuant to a Ground Lease, dated as of August 1, 2024 (the “**Ground Lease**”), by and between the City and the Authority, the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of August 1, 2024, pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including its rights to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default under the Lease Agreement by the City.

The City will covenant under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which, as defined under the caption “**SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Additional Rental Payments,**” include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee, and other amounts payable

under the Lease Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupy the Property or any portion thereof. See "RISK FACTORS—Abatement." Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, 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 from such proceeds of insurance during periods of abatement.

Payment of the principal of and interest on the Series 2024A Bonds maturing on November 1 of the years 2028 through 2035 inclusive (the "**Insured Series 2024A Bonds**"), when due will be insured by the Policy to be issued by Assured Guaranty Municipal Corp. (together with its successor Assured Guaranty Inc., the "**Insurer**") concurrently with the issuance of the Insured Series 2024A Bonds. See the caption "BOND INSURANCE." A specimen of the Policy is set forth in Appendix G.

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California (the "State"), or any political subdivision thereof, is pledged to the payment of the Series 2024A Bonds. The Authority has no power to tax.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of 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 or the State has levied or pledged any form of taxation.

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission ("**SEC Rule 15c2-12(b)(5)**") certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5). See "CONTINUING DISCLOSURE" herein for a description of the specific nature of the annual report and notices of listed events.

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee with respect to the Series 2024A Bonds. The Series 2024A Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, Irvine, California. The City's financial statements for the fiscal year ended June 30, 2023 included as Appendix C hereto have been audited by Rogers, Anderson, Malody & Scott, LLP (the "**Auditor**"). See APPENDIX C—"ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023" herein. 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.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See "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 2024A Bonds.

Bondholders' Risks

Certain events could affect the ability of the City to make the Base Rental Payments when due. See “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 2024A 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 Years 2023-24 and 2024-25, 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. See the captions “THE CITY” and “CITY FINANCIAL INFORMATION” and APPENDIX C—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023” for financial and operating information related to the City.

Other Information in this Official Statement

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series 2024A Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entirety by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein, some of which are summarized in APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS.”

THE SERIES 2024A BONDS

General

The Series 2024A Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Series 2024A 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 cover page hereof. Interest on the Series 2024A Bonds will be paid semiannually on May 1 and November 1 (each, an “**Interest Payment Date**”) of each year, commencing November 1, 2024.

Interest on the Series 2024A Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (i) a Series 2024A Bond is authenticated on or before an Interest Payment Date and after the close of business on the fifteenth day of the month next preceding such Interest Payment Date, whether or not such day is a Business Day (the “**Record Date**”), in which event it will bear interest from such Interest Payment Date, (ii) a Series 2024A Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2024A Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2024A Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date or by wire transfer to Owners of more than \$1,000,000 in principal amount of Series 2024A Bonds who have provided account information and wiring instructions satisfactory to the Trustee.

The principal of the Series 2024A Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2024A Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The Series 2024A Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2024A Bonds (the “**Beneficial Owners**”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2024A Bonds. See “THE SERIES 2024A BONDS—Book-Entry Only System.”

Redemption

Extraordinary Redemption from Condemnation Award or Insurance Proceeds. The Series 2024A Bonds shall be subject to redemption, in whole or in part, on any date, in denominations of \$5,000 or any integral multiple thereof, from and to the extent of: (i) Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, and (ii) eminent domain proceeds received pursuant to the Lease Agreement, at a Redemption Price equal to the principal amount of the Series 2024A Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

No Optional Redemption. The Series 2024A Bonds are not subject to optional redemption prior to maturity.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority provided to the Trustee at least 30 but no more than 60 days prior to the date of such redemption, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, as directed in a Written Request of the Authority provided to the Trustee at least 30 but no more than 60 days prior to the date of such redemption, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. Notice of redemption shall be given by the Trustee, not less than 20 nor more than 60 days prior to the redemption date (i) as to Series 2024A Bonds not registered in the name of a Securities Depository or its nominee, to the respective Owners of the Series 2024A Bonds designated for redemption at their addresses appearing on the Registration Books, (ii) as to Series 2024A Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Series 2024A Bonds, and (iii) the Information Services. Notice of redemption to the Owners pursuant to (i) above shall be given by mail at their addresses appearing on the Registration Books, or any other method agreed upon by such Owner and the Trustee. Notice of redemption to the Securities Depositories pursuant to (ii) above and the Information Services pursuant to (iii) above shall be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Series 2024A Bond numbers and the maturity or maturities (except in the event of redemption of all of the Series 2024A Bonds of such maturity or maturities in whole) of the Series 2024A Bonds to be redeemed, and will require that such Series 2024A Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Series 2024A Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so given, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Series 2024A Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds to be redeemed and upon other conditions set forth therein and that, if such money has not been so received or such other conditions have not been satisfied, said notice is of no force and effect and the Trustee is not required to redeem such Bonds. If any condition stated in the redemption notice for an optional redemption have not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the Authority will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption. Notice having been given as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the principal corporate trust office of the Trustee, said Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof has been given as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Book-Entry Only System

DTC will act as securities depository for the Series 2024A Bonds. The Series 2024A Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2024A Bond will be issued for each maturity of the Series 2024A Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS

Pledge of Revenues

The Series 2024A Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in the Base Rental Payment Fund, the Interest Fund, the Principal Fund, the Reserve Fund and the Redemption Fund established under the Indenture. Base Rental Payments will be payable by the City from any and all legally available funds, however, the City expects that its General Fund will be the primary source of funds to make Base Rental Payments. See the captions “THE CITY,” “CITY FINANCIAL INFORMATION” and “RISK FACTORS” for a description of such available funds and the potential risks associated with the availability of such funds to make Base Rental Payments. The City covenants in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, has assigned to the Trustee for the benefit of the Bond Owners all of the Authority’s right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See “—Base Rental Payments” below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2024A Bonds subject to certain conditions. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds” and “—Procedure for the Issuance of Additional Bonds.”

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Capitalized Interest Fund, the Principal Fund, the Reserve Fund and the Redemption Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

The Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no power to tax.

Base Rental Payments

Rental Payments (defined in the Lease Agreement as collectively, the Base Rental Payments and the Additional 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 Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the 25th day of the month next preceding each Interest Payment Date (the “**Base Rental Deposit Date**”) on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each Principal Payment Date, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of and the interest on and principal of the Series 2024A Bonds.

The Base Rental due under the Lease Agreement is calculated to be sufficient to pay the principal of and interest on the Series 2024A Bonds. The debt service schedules for the Series 2024A Bonds are set forth below under the heading “DEBT SERVICE SCHEDULE.”

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of 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 or the State has levied or pledged any form of taxation.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as “**Additional Rental Payments**” thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

- (i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;
- (ii) All reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable 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 Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;
- (iii) Insurance premiums for all insurance required pursuant to the Lease Agreement;
- (iv) Any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Internal Revenue Code of 1986;
- (v) Amounts due and owing to the Insurer as set forth in the Lease Agreement; and
- (vi) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Base Rental Payments and Additional Rental Payments may be abated in the event of damage, destruction, condemnation or title defect affecting the

Property, each as described further below. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—RENTAL PAYMENTS—Rental Abatement.”

Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City’s right to use and occupy any portion of the Property, Rental Payments are subject to abatement proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending when such use and occupancy is restored. In the event of abatement, the term of the Lease Agreement will be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of the Lease Agreement will in no event be extended beyond November 1, 2045.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds), such Rental 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.

Substitution, Addition and Removal of Property

The Authority and the City may amend the Lease Agreement to substitute alternate property for any portion of the Property, to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement upon compliance with all of the conditions set forth in the Lease Agreement and described below. 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 Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution, release or addition. Any such substitution, release or addition is subject to the following specific conditions precedent to such substitution, release or addition:

(a) a Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition: (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) with respect to any substituted or added property, the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term will be defined after such substitution or addition) that when taken together with other title insurance policies covering the Property, will be in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement;

(c) the City, the Authority and the Trustee execute, and the City causes to be recorded with the County of Riverside Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained in the Lease Agreement and in the Ground Lease; and

(d) so long as any Insured Series 2024A Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy (or any amounts are owed to the Series 2024A Insurer), the City obtains the prior written consent of the Series 2024A Insurer.

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. See “RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental.”

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Bonds.

In the event of a default under the Lease Agreement there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable. There is no right under the Indenture to accelerate debt service payments on the Bonds in the event of a default under the Indenture or the Lease Agreement.

So long as any Insured Series 2024A Bonds remain outstanding and the Insurer is not in default under the Policy (or any amounts are owed to the Insurer), the Insurer will be deemed to be the sole holder of the Insured Series 2024A 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 2024A Bonds are entitled to take pursuant to the Indenture pertaining to (i) waivers, defaults and remedies and (ii) the duties and obligations of the Trustee.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—DEFAULTS AND REMEDIES” and “—THE INDENTURE—DEFAULT AND LIMITATIONS OF LIABILITY.”

Reserve Fund

The Indenture establishes a Reserve Fund and a Series 2024A Bonds Account therein, which is required to be maintained in an amount equal to \$2,441,250, which is the Reserve Fund Requirement for the Series 2024A Bonds. “**Reserve Fund Requirement**” is defined in the Indenture to mean, with respect to the Series 2024A Bonds, an amount equal to \$2,441,250 and with respect to any Additional Bonds, such amounts as determined in accordance with the Supplemental Indenture pursuant to which such Additional Bonds are issued, which amount may be zero dollars.

Moneys in the Series 2024A Bonds Account of the Reserve Fund will be held in trust as a reserve solely for the payment when due of all debt service payments on the Series 2024A Bonds. The City will acquire the Reserve Surety Policy from the Insurer in the amount of the initial Reserve Fund Requirement for the Series 2024A Bonds for deposit into the Series 2024A Account of the Reserve Fund. The Reserve Surety

Policy secures the Series 2024A Bonds alone and will not be available for payments on any Additional Bonds. Upon the delivery of the Series 2024A Bonds and the deposit of the Reserve Surety Policy in the Series 2024A Account of the Reserve Fund, the Reserve Fund Requirement with respect to the Series 2024A Bonds will not thereafter be calculated for the purpose of requiring any deposit thereto or replenishment thereof.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—SECURITY FOR THE BONDS; FLOW OF FUNDS—Flow of Funds.”

Additional Bonds

Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the outstanding Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

(a) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(b) The City shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(c) The Ground Lease and the Lease Agreement shall have been amended, to the extent necessary, (i) 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, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall 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 Rental Payments, in any Rental Period shall be 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 (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City); and (ii) to include provisions for the prepayment of Base Rental Payments attributable to such Additional Bonds.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur if (1) an event of default (within the meaning of the Lease Agreement) (or any event which, once all notice or grace periods have passed, would constitute such event of default) exists unless such event of default shall be cured upon such execution or issuance or (2) the Reserve Fund is not fully funded at the Reserve Fund Requirement (including the Reserve Fund Requirement for the proposed issue, if any) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2024A Bond Insurer.

See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds” and “—Procedure for the Issuance of Additional Bonds.”

Insurance

General. The Lease Agreement requires that the City maintain certain insurance coverages on the Property for loss due to property damage, title defect, loss of use and other liability as described below. Under the Lease Agreement, the City may self-insure for the coverages required under the captions “*Property Insurance*,” “*General Liability Insurance*,” and “*Workers’ Compensation Insurance*.” The City self-insures up to certain amounts and purchases additional coverage from commercial carriers as described under the caption “THE CITY—Risk Management.”

Property Insurance. The Lease Agreement 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 not less than 100% of the replacement cost of such improvements. Such property insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed \$500,000.

General Liability Insurance. The Lease Agreement requires the City to maintain or cause to be maintained a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the 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 a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general 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.

Rental Interruption Insurance. The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described above under "*Property Insurance*," in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City is not permitted to self-insure its obligation to maintain rental interruption insurance.

Workers' Compensation Insurance. The City is also required to maintain or cause to be maintained workers' compensation insurance issued by a responsible carrier authorized under the laws of the State to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act.

Title Insurance. The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate under the Lease in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—INSURANCE."

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 2024A Bonds, Assured Guaranty Municipal Corp. (previously defined as “AGM” or the “Insurer”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Series 2024A Bonds maturing on November 1 of the years 2028 through 2035, inclusive (the “Insured Series 2024A Bonds”). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2024A Bonds when due as set forth in the form of the Policy included as Appendix G to this Official Statement. In the event the Insured Series 2024A Bonds are issued after the effectiveness of the Merger (as defined below), the Policy relating to the Insured Series 2024A Bonds will be substantively identical to the form appended to this Official Statement, except that the Policy will be issued by AG (as defined below) in place of AGM. See “– Assured Guaranty Municipal Corp. – Planned Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.”

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, 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 subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AGM is obligated to pay claims under the insurance policies AGM has issued, and not AGL or any of its shareholders or other affiliates.

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 “A1” (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.

Planned Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc. On July 8, 2024, AGL (together with its subsidiaries, “Assured Guaranty”) announced that AGM will merge with and into its affiliate, Assured Guaranty Inc. (“AG”), with AG as the surviving company (such transaction,

the “**Merger**”). AG, a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of AGL, was formerly known as Assured Guaranty Corp. The effective date of the Merger is expected to be on or about August 1, 2024.

The Merger is expected to expand the pool of capital available to support each new and existing insurance policy, result in a further diversification of the combined company’s insured portfolio’s credit profile, and strengthen Assured Guaranty’s ability to continue successfully executing its strategies to achieve its business objectives. Upon the effectiveness of the Merger, the combined company, compared with either AGM or AG before the Merger, will have:

- a larger, highly diversified insured portfolio,
- a larger investment portfolio and a larger capital base, and
- more total claims-paying resources.

Currently, AGM and AG have the same financial strength ratings from S&P (AA/Stable), Moody’s (A1/Stable) and KBRA (AA+/Stable). AG’s insurance financial strength ratings are expected to be unaffected by the Merger.

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, affirmed the insurance financial strength ratings of AGM and AG of “A1” (stable outlook). On July 9, 2024, S&P stated that the Merger will not change its assessment of the Assured Guaranty group’s business risk or financial risk positions. On July 8, 2024, KBRA commented that, upon the expected August 1, 2024 closing of the Merger, AG’s insurance financial strength rating of “AA+” (stable outlook) will remain unchanged.

Current Financial Strength Ratings. On July 10, 2024, Moody’s announced it had affirmed AGM’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook).

On October 20, 2023, 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 S&P, Moody’s and/or KBRA 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, 2023.

Capitalization of AGM and Pro Forma Combined AG.

As of March 31, 2024
(dollars in millions)

	AGM (Actual)	AG (Pro Forma Combined)
Policyholders' surplus	\$2,665	\$4,013
Contingency reserve	\$892	\$1,312
Net unearned premium reserves and net deferred ceding commission income ⁽¹⁾	\$2,036	\$2,385

⁽¹⁾ Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM or pro forma combined AG, as applicable, and (ii) the net unearned premium reserves and net deferred ceding commissions of Assured Guaranty UK Limited (“AGUK”) and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

The policyholders' surplus of AGM (and pro forma combined AG) and the contingency reserves, net unearned premium reserves and net deferred ceding commission income of AGM (and pro forma combined AG) 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.

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, 2023 (filed by AGL with the SEC on February 28, 2024); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2024 (filed by AGL with the SEC on May 8, 2024)

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 Insured Series 2024A 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 Insured Series 2024A Bonds or the advisability of investing in the Insured Series 2024A 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 heading “BOND INSURANCE.”

SOURCES AND USES OF FUNDS

The sources and uses of funds with respect to proceeds of the Series 2024A Bonds and other available amounts are shown below.

Sources	
Principal Amount of Series 2024A Bonds	\$ 21,960,000.00
Plus Original Issue Premium	<u>2,529,405.15</u>
Total Sources	<u>\$ 24,489,405.15</u>
Uses	
Escrow Fund for 2014 Bonds	\$ 24,028,444.71
Underwriter’s Discount	128,466.00
Costs of Issuance ⁽¹⁾	<u>332,494.44</u>
Total Uses	<u>\$ 24,489,405.15</u>

⁽¹⁾ Includes legal, municipal advisory, rating agency, printing fees, the premiums for the Policy and the Reserve Surety Policy and other miscellaneous costs of issuance.

DEBT SERVICE SCHEDULE

Following is the annual schedule of debt service due with respect to the Series 2024A Bonds:

Bond Year Ending November 1	Principal	Interest	Total
2024	\$ 1,750,000	\$ 259,250	\$ 2,009,250
2025	1,425,000	1,010,500	2,435,500
2026	1,485,000	939,250	2,424,250
2027	1,570,000	865,000	2,435,000
2028	1,645,000	786,500	2,431,500
2029	1,725,000	704,250	2,429,250
2030	1,815,000	618,000	2,433,000
2031	1,910,000	527,250	2,437,250
2032	2,000,000	431,750	2,431,750
2033	2,100,000	331,750	2,431,750
2034	2,210,000	226,750	2,436,750
2035	<u>2,325,000</u>	<u>116,250</u>	<u>2,441,250</u>
Total	\$ 21,960,000	\$ 6,816,500	\$ 28,776,500

Source: The Underwriter.

THE REFUNDING PLAN

General

Pursuant to the Indenture, the Authority will deliver a portion of the proceeds of the Series 2024A Bonds to the Trustee to transfer to Computershare Trust Company, N.A., acting as escrow agent (the “**Escrow Agent**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under the Escrow Agreement, dated as of August 1, 2024, by and among the Authority, the City and the Escrow Agent (the “**Escrow Agreement**”). Proceeds of the Series 2024A Bonds and other moneys held in the Escrow Fund to refund the 2014 Bonds will be and used to pay the regularly scheduled debt service on the 2014 Bonds on November 1, 2024 (the “**Redemption Date**”) and to refund the outstanding 2014 Bonds maturing after the Redemption Date on the Redemption Date. Amounts in the Escrow Fund will be irrevocably pledged to secure, when due, the payment of the principal of, interest and premium due with respect to the 2014 Bonds and will not be available to pay debt service on the Series 2024A Bonds.

Verification

Upon issuance of the Series 2024A Bonds, Causey Demgen & Moore P.C, Denver, Colorado, as 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: (a) the adequacy of amounts in the Escrow Fund to pay when due the regularly scheduled debt service on the 2014 Bonds on the Redemption Date and to refund the outstanding 2014 Bonds maturing after the Redemption Date on the Redemption Date; and (b) the computations of yield of the Series 2024A Bonds which support Bond Counsel’s opinion that the interest on the Series 2024A Bonds is excluded from gross income for federal income tax purposes.

THE PROPERTY

The Property leased under the Ground Lease and the Lease Agreement consists of the Moreno Valley City Hall. City Hall is comprised of an approximately 57,600 square foot building constructed in 1991, located on approximately 3.33 acres at 14177 Frederick Street in the City. City Hall includes all of the managerial departments of the City, the City Council chambers and the City Council Members’ offices. For purposes of the Lease Agreement, the City has ascribed a value to City Hall of \$40,187,091 based on the insured value of the City Hall building. The City Hall building is a two-story tilt-up construction office building for public access including offices for City Council and City staff, plus general administration for the following departments: City Manager, City Clerk, Community Development, Planning, Economic Development, Finance, City Attorney, Public Works, and Technical Services. The City Hall building underwent a seismic retrofit in 2012.

The Authority and the City may amend the Lease Agreement to substitute alternate property for any portion of the Property, to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement upon compliance with all of the conditions set forth in the Lease Agreement and described below. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A 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 208,289 as of January 1, 2023 and covers approximately 51.3 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 A—“ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MORENO VALLEY”.

The City had approximately 402 full and part-time employees as of June 30, 2023. City employees (full-time) are represented by three labor associations: the Moreno Valley City Employees Association (the “**MVCEA**”), which represented approximately 189 employees as of June 30, 2023, the Moreno Valley Management Association (the “**MVMA**”), which represented approximately 85 employees as of June 30, 2023, and the Moreno Valley Confidential Management Employee Association (the “**MVCMEA**”) which represented approximately 14 employees as of June 30, 2023. Relations between the City and the MVCEA, MVMA and MVCMEA are governed by memoranda of understanding that expire on June 30, 2025. A total of approximately 37 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 law enforcement 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 6,500, representing approximately 6.57% 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 4,854 employees, the Riverside County Regional Medical Center, which currently employs approximately 4,325 employees, and the Moreno Valley Unified School District, which currently employs approximately 3,673 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, 2023, the latest date for which such information is available.

**CITY OF MORENO VALLEY
LARGEST EMPLOYERS – FISCAL YEAR 2023**

<i>Employer</i>	<i>Number of Employees</i>	<i>Type of Business</i>
March Air Reserve Base	6,500	Military Reserve Base
Amazon.com, Inc.	4,854	Retail Distribution
Riverside County Regional Medical Center	4,325	County Hospital
Moreno Valley Unified School District	3,673	Public Schools
Kaiser Permanente	1,467	Hospital/Medical Services
Ross Distribution Center	1,366	Retail Distribution
Harbor Freight Tools	1,150	Retail Distribution
Procter & Gamble	632	Retail Distribution
Val Verde Unified School District	620	Public Schools
United Natural Foods	559	Distribution - Grocery

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2023.

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 and the Chief Financial Officer/City Treasurer. In addition, the City Attorney provides legal services to the City and the Authority.

Brian Mohan serves as the Assistant City Manager (Administration). Mr. Mohan began working for the City in July 2017, initially serving as the Financial Resources Division Manager, later the Assistant City Manager/Chief Financial Officer/City Treasurer and now as the Assistant City Manager (Administration). 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.

Launa Jimenez serves as the Chief Financial Officer/City Treasurer. Ms. Jimenez began working for the City in February 2005, working her way up the ranks to her most recent position. Prior to becoming the Chief Financial Officer, Ms. Jimenez served as the Financial Resources Division Manager and in various other

roles related to capital improvement and transportation projects. Prior to joining the City, Ms. Jimenez worked for the City of Fontana. Ms. Jimenez has a Bachelor of Arts degree in Public Administration from California State University, San Bernardino.

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 until being appointed City Attorney on a permanent basis in August 2023. 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 2024A 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 2024A BONDS—Abatement" and "RISK FACTORS—Natural Disasters."

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. 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, 2023 is set forth in Appendix C.

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 reserves for specific purposes. The Reserve Policy was further updated in 2023, and 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 minimum 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 minimum level is 15% 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 minimum level is 15% 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 target levels described above. The City did not apply 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. The strategic plan was reapproved in 2023.

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.

Based on the reapproval in 2023, 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.

See the caption “—Budget Procedure, Current Budget and Historical Budget Information” for additional information relating to the City’s budget for Fiscal Years 2023-24 and 2024-25.

Impact on General Fund of American Rescue Plan Act. On January 4, 2022, the City Council accepted funds under the American Rescue Plan Act (“ARPA”) in the amount of \$48,870,845, which funds were paid to the City in two tranches (one in Fiscal Year 2021-22 and one in Fiscal Year 2022-23) approbatively one year apart. Pursuant to the United States Department of Treasury (“Treasury”) rules regarding ARPA funds, the City established the tracking of these funds in a Special Revenue Fund. The City Council also approved using ARPA funding toward public safety pursuant to Treasury rules. As such, General Fund expenditures in the categories of Police and Fire were reclassified to the City’s ARPA Fund (\$24,395,437 in Fiscal Year 2021-22 and \$24,475,408 in Fiscal Year 2022-23). In each year of the stated fiscal years, the General Fund had a reduction of expenditures in the same amounts, and the City Council approved an historic approximately \$50 million investment in a pavement rehabilitation/re-pavement project, which funded approximately ten years’ worth of pavement rehabilitation in 18 months. The General Fund transferred \$27,233,814 in Fiscal Year 2021-22 and \$26,745,287 in Fiscal Year 2022-23 to the City’s Capital Projects Fund. Also, due to significant increases in sales tax revenues received by the City related to changes in the corporate structure of Amazon, which operates a fulfillment center within the City, the General Fund transferred \$14,871,749 in Fiscal Year 2021-22 and \$24,270,000 in Fiscal Year 2022-23 to Internal Services Funds to increase the reserves, specifically in technology, facilities, fleet and unfunded liabilities. The General Fund also transferred approximately \$6 million to the Community Services District Fund related to a community benefit contribution the City received from the City’s waste hauler in Fiscal Year 2022-23, which is being used to fund a park rehabilitation and refurbishment project. See the captions “—Change in Fund Balance of the City General Fund” and “—General Fund Balance Sheets of the City,” as well as APPENDIX C—“ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023.”

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 2, 2023 and governs the period beginning on July 1, 2023 for Fiscal Years 2023-24 and 2024-25. 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 a 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 appropriate. The City Council has directed staff to develop a balanced budget.

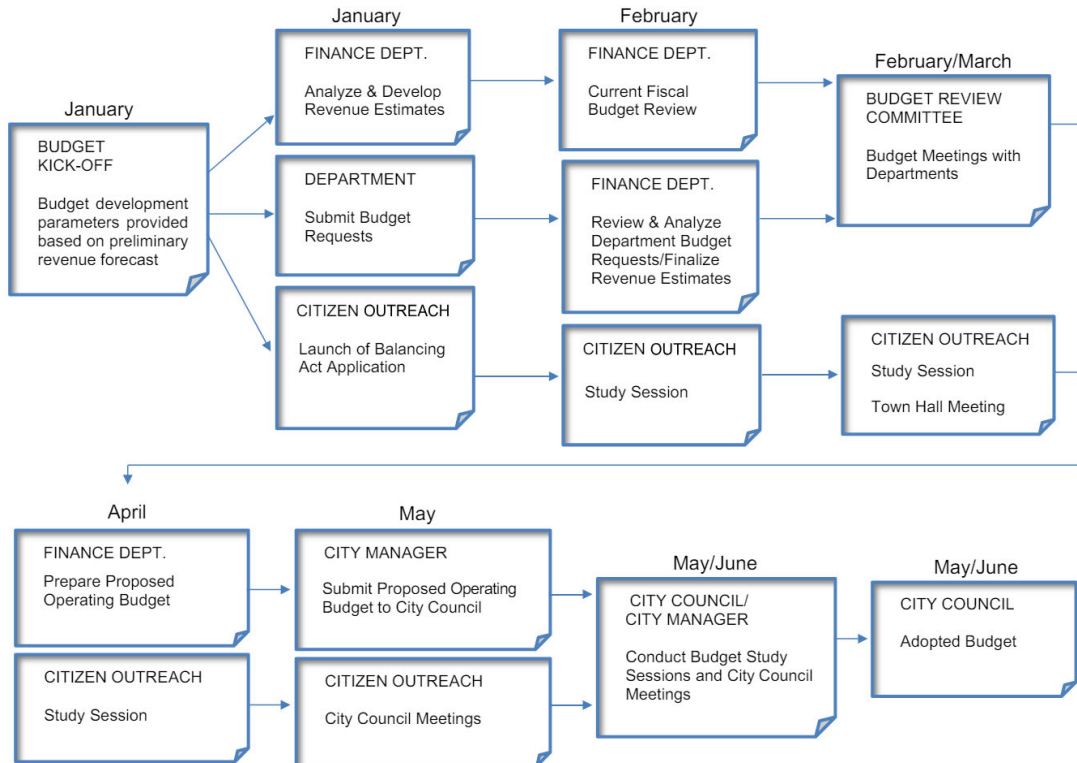
Prior to June 30 of every second Fiscal Year, the City Manager submits to the City Council a proposed budget for the next two-year period commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30 of the applicable Fiscal Year, public 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. The City Manager proposes interim changes, if any, to the City Council quarterly throughout the two-year budget cycle.

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

CITY OF MORENO VALLEY BUDGET PROCESS

City of Moreno Valley - Budget Process Flow Chart



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 25 consecutive years.

Current Budget. For Fiscal Year 2023-24, the adjusted General Fund operating budget projects revenues of approximately \$150.4 million (excluding transfers in), which is approximately \$10.7 million (or approximately 6.6%) above Fiscal Year 2022-23 revenues. The adjusted Fiscal Year 2023-24 General Fund operating budget projects expenditures of approximately \$152.3 million (excluding transfers out), which is approximately \$54.8 million (or approximately 56.2%) above Fiscal Year 2022-23 expenditures. The increase in budgeted expenditures for Fiscal Year 2023-24 is attributable to the fact that in Fiscal Years 2021-22 and 2022-23, the City utilized funds received under ARPA to fund public safety expenditures, thereby reducing the amount of General Fund public safety expenditures. See the caption “—General Economic Condition and Outlook of the City—*Impact on General Fund of American Rescue Plan Act.*”

For Fiscal Year 2024-25, the adjusted General Fund operating budget projects revenues of approximately \$152.6 million (excluding transfers in), which is approximately \$2.2 million (or approximately

1.5%) above the budgeted Fiscal Year 2023-24 revenues. The adjusted Fiscal Year 2024-25 General Fund operating budget projects expenditures of approximately \$151.0 million (excluding transfers out), which is approximately \$1.3 million (or approximately 0.8%) below budgeted Fiscal Year 2023-24 expenditures.

The adjusted General Fund operating budget for Fiscal Years 2023-24 and 2024-25 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 2.9% in Fiscal Years 2023-24 and 2024-25, respectively; (c) sales tax revenues will increase by 2.1% in Fiscal Year 2023-24 and remain relatively flat in Fiscal Year 2024-25; (d) utility taxes will increase by 11.3% in Fiscal Year 2023-24 and remain relatively flat in Fiscal Year 2024-25; (e) transient occupancy tax revenues will increase by 56.7% in Fiscal Year 2023-24 and remain flat in Fiscal Year 2024-25, 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 33% in Fiscal Year 2023-24 compared to audited Fiscal Year 2022-23 amounts.

Set forth in Table 1A are recent General Fund budgets and results of the City, excluding transfers in and out, for Fiscal Years 2021-22 and 2022-23. During the course of each Fiscal Year, the budget is amended and revised as necessary by the City Council on a quarterly basis. Set forth in Table 1B are the adopted General Fund budgets for Fiscal Years 2023-24 and 2024-25, as well as the adjusted budgets for such years.

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

	<i>Fiscal Year 2021-22 Final Budget</i>	<i>Fiscal Year 2021-22 Audited Results</i>	<i>Fiscal Year 2022-23 Final Budget</i>	<i>Fiscal Year 2022-23 Audited Results</i>
Revenues				
Property Taxes	\$ 41,881,000	\$ 43,126,471	\$ 45,361,593	\$ 47,207,562
Sales Taxes	28,499,303	40,570,137	36,725,489	36,161,809
Utility Users Taxes	15,717,540	17,708,256	15,717,540	19,501,114
Other Taxes ⁽¹⁾	15,233,787	19,818,127	17,044,481	20,930,742
Licenses & Permits	5,485,448	4,182,232	5,630,325	4,254,783
Intergovernmental	684,042	663,988	639,963	607,686
Charges for Services	14,611,159	15,788,929	14,393,395	15,931,642
Use of Money & Property	4,466,853	(6,674,183)	4,684,136	4,910,748
Fines & Forfeitures	499,500	660,409	596,952	678,067
Miscellaneous	486,510	784,081	8,056,421	10,383,637
Total Revenues	\$ 127,565,142	\$ 136,628,447	\$ 148,850,295	\$ 160,567,790
Expenditures				
Current				
General Government	\$ 18,004,540	\$ 18,744,301	\$ 20,799,740	\$ 20,026,089
Public Safety ⁽²⁾	50,968,668	42,125,860	60,264,166	49,946,422
Public Works	10,789,890	8,452,014	11,023,438	10,116,764
Community and Economic Development	14,113,703	11,960,478	15,548,040	13,435,228
Principal Retirement	-	222,149	-	882,176
Interest and Fiscal Charges	-	7,527	-	60,997
Capital Outlay	719,364	1,769,346	3,016,760	3,030,793
Total Expenditures	\$ 94,596,165	\$ 83,281,675	\$ 110,652,144	\$ 97,498,469
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 32,968,977	\$ 53,346,772	\$38,198,151	\$ 63,069,321
Other Financing Sources				
SBITA Acquisition	--	--	--	\$ 1,775,199
Transfers In	\$ 152,862	\$ 65,129	\$ 1,089,216	758,451
Transfers Out ⁽³⁾	(33,030,759)	(44,104,079)	(41,323,751)	(64,222,671)
Lease Acquisition	--	1,370,973	--	--
Total Other Financing Sources	\$ (32,877,897)	\$ (42,667,977)	\$ (40,234,535)	\$ (61,689,021)
Net Change in Fund Balance	\$ 91,080	\$ 10,678,795	\$ (2,036,384)	\$ 1,380,300
Beginning Fund Balance	\$ 86,585,354	\$ 86,585,354	\$ 97,264,149	\$ 97,264,149
Ending Fund Balance	\$ 86,676,434	\$ 97,264,149	\$ 95,227,765	\$ 98,644,449

⁽¹⁾ Includes franchise fees, business license fees, transient occupancy tax revenues and the Measure M cannabis business tax. See the caption “—Other Taxes.”

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- (2) In each of Fiscal Year 2021-22 and 2022-23, public safety results were less than budgeted amounts due to the City using approximately \$24.2 million and \$24.3 million, respectively, of funds from the City's American Rescue Plan Act Fund to fund public safety services related to the pandemic response. See the caption "—General Economic Condition and Outlook of the City—*Impact on General Fund of American Rescue Plan Act.*"
- (3) Transfers out in Fiscal Years 2021-22 and 2022-23 include transfers out of approximately \$24.4 million in each year to fund capital projects using funds made available due to the City's receipt of approximately \$48.8 million in funding received under ARPA across such years. Transfers out in Fiscal Years 2021-22 and 2022-23 also include transfers out to Internal Service Funds to increase reserves for technology, facilities, fleet and unfunded liabilities. See the caption "—General Economic Condition and Outlook of the City—*Impact on General Fund of American Rescue Plan Act.*"

Sources: Audited financial statements of the City for Fiscal Years 2021-22 and 2022-23

**TABLE 1B
CITY OF MORENO VALLEY
FISCAL YEARS 2023-24 AND 2024-25 BIENNIAL BUDGET**

	<i>Fiscal Year 2023-24 Adopted Budget</i>	<i>Fiscal Year 2023-24 Adjusted Budget⁽¹⁾</i>	<i>Fiscal Year 2024-25 Adopted Budget</i>	<i>Fiscal Year 2024-25 Adjusted Budget⁽¹⁾</i>
Revenues				
Property Taxes	\$ 21,500,000	\$ 21,500,000	\$ 22,136,000	\$ 22,136,000
Property Taxes in lieu ⁽²⁾	27,500,000	27,500,000	28,100,000	28,100,000
Utility Taxes	17,500,000	17,500,000	18,000,000	18,000,000
Sales Taxes	37,500,000	37,500,000	37,750,000	37,750,000
Other Taxes ⁽³⁾	19,700,000	19,700,000	20,000,000	20,000,000
Licenses & Permits	5,638,254	5,638,254	5,639,454	5,639,454
Intergovernmental	615,803	909,640	615,803	615,803
Charges for Services	14,476,273	14,724,273	14,529,973	14,937,679
Use of Money & Property	4,723,000	4,723,000	4,725,100	4,725,100
Fines & Forfeitures	532,500	499,500	532,000	499,500
Miscellaneous	<u>221,500</u>	<u>221,500</u>	<u>221,500</u>	<u>221,500</u>
Total Revenues	\$ 149,907,330	\$ 150,416,167	\$ 152,249,830	\$ 152,625,036
Expenditures				
Personnel Services	\$ 29,238,558	\$ 29,352,565	\$ 30,985,300	\$ 31,386,794
Contractual Services	107,114,087	108,955,555	108,073,742	109,078,742
Materials & Supplies	5,369,852	7,324,164	4,414,612	4,414,612
Fixed Charges	6,151,248	6,151,248	6,151,248	6,151,248
Fixed Assets	<u>--</u>	<u>523,220</u>	<u>--</u>	<u>--</u>
Total Expenditures	\$ 147,873,745	\$ 152,306,752	\$ 149,624,902	\$ 151,031,396
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	\$ 2,033,585	\$ (1,890,585)	\$ 2,624,928	\$ 1,593,640
Transfers:				
Transfers In	\$ 2,926,713	\$ 6,733,296	\$ 2,940,159	\$ 3,784,360
Transfers Out	<u>(4,957,082)</u>	<u>(4,839,495)</u>	<u>(5,560,911)</u>	<u>(5,373,324)</u>
Net Transfers	\$ (2,030,369)	\$ 1,893,801	\$ (2,620,752)	\$ (1,588,964)
Net Change in Fund Balance				
	\$ 3,216	\$ 3,216	\$ 4,176	\$ 4,676

⁽¹⁾ Represents quarterly budget updates through March 2024.

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

⁽³⁾ Includes franchise fees, business license fees, transient occupancy tax revenues and the Measure M cannabis business tax. See the caption “—Other Taxes.”

Sources: Adopted budgets of the City for Fiscal Years 2023-24 and 2024-25; City for mid-year budget updates to the biennial budget for Fiscal Years 2023-24 and 2024-25.

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>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Revenues					
Taxes					
Property Taxes	\$ 15,623,696	\$ 17,217,684	\$ 18,473,330	\$ 19,290,854	\$ 21,268,854
Property Taxes in lieu ⁽¹⁾	19,577,636	21,232,068	22,738,372	23,835,902	25,938,708
Utility Taxes	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114
Sales Taxes ⁽²⁾	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809
Other Taxes ⁽³⁾	12,303,492	12,970,014	15,448,743	19,818,127	20,930,742
Licenses & Permits	3,468,511	3,843,038	4,193,378	4,182,232	4,254,783
Intergovernmental	722,703	536,799	3,145,436	663,988	607,686
Charges for Services	13,650,496	11,947,306	12,676,206	15,788,929	15,931,642
Use of Money & Property	7,195,588	9,048,856	1,540,805	(6,674,183)	4,910,748
Fines & Forfeitures	729,939	573,901	764,279	660,409	678,067
Miscellaneous ⁽⁴⁾	<u>223,303</u>	<u>416,775</u>	<u>859,050</u>	<u>784,081</u>	<u>10,383,637</u>
Total Revenues	\$110,187,612	\$113,784,361	\$121,924,541	\$136,628,447	\$160,567,790
Expenditures					
Current					
General Government	\$ 15,109,570	\$ 18,262,308	\$ 16,044,563	\$ 18,744,301	\$ 20,026,089
Public Safety ⁽⁵⁾	60,540,145	63,893,676	63,601,268	42,125,860	49,946,422
Community and Economic Development	11,402,636	11,931,934	10,123,013	11,960,478	13,435,228
Public Works	6,666,003	7,817,557	6,706,293	8,452,014	10,116,764
Principal Retirement	--	--	--	222,149	882,176
Interest and Fiscal Charges	--	--	--	7,527	60,997
Capital Outlay	<u>1,611,478</u>	<u>1,948,131</u>	<u>2,152,410</u>	<u>1,769,346</u>	<u>3,030,793</u>
Total Expenditures	\$ 95,329,832	\$103,853,606	\$ 98,627,547	\$ 83,281,675	\$ 97,498,469
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 14,857,780	\$ 9,930,755	\$ 23,296,994	\$ 53,346,772	\$ 63,069,321
Other Financing Sources (Uses)					
Transfers In	\$ 2,103,241	\$ 217,760	\$ 79,958	\$ 65,129	\$ 758,451
Transfers Out ⁽⁶⁾	(6,949,286)	(5,411,389)	(7,485,485)	(44,104,079)	(64,222,671)
Lease Acquisition	--	--	--	1,370,973	--
SBITA Acquisition	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,775,199</u>
Total Other Financing Sources (Uses)	<u>\$ (4,846,045)</u>	<u>\$ (5,193,629)</u>	<u>\$ (7,405,527)</u>	<u>\$ (42,667,977)</u>	<u>\$ (61,689,021)</u>
Net Change in Fund Balances	\$ 10,011,735	\$ 4,737,126	\$ 15,891,467	\$ 10,678,795	\$ 1,380,300
Fund Balances, Beginning of Year⁽⁷⁾	\$ 55,721,954	\$ 65,733,689	\$ 70,693,887	\$ 86,585,354	\$ 97,264,149
Fund Balances, End of Year	\$ 65,733,689	\$ 70,470,815	\$ 86,585,354	\$ 97,264,149	\$ 98,644,449

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

⁽²⁾ Increase beginning in Fiscal Year 2021-22 due to changes in the corporate structure of Amazon, which operates a fulfillment center within the City, which led to increased collections of sales taxes received by the City. See the caption “—Sales Taxes.”

⁽³⁾ Includes franchise fees, business license fees, cannabis business taxes and transient occupancy tax revenues. See the caption “—Other Taxes.” The cannabis business tax was approved by the voters in November 2018 and the first full year of collections was Fiscal Year 2020-21. See the captions “—Tax Revenues by Source” and “—Other Taxes.”

⁽⁴⁾ Increase in Fiscal Year 2022-23 due to a one-time donation.

⁽⁵⁾ In each of Fiscal Year 2021-22 and 2022-23, public safety expenditures were less than prior years due to the City using approximately \$24.2 million and \$24.3 million, respectively, of funds from the City's American Rescue Plan Act Fund to fund public safety services related to the pandemic response. See the caption “—General Economic Condition and Outlook of the City—Impact on General Fund of American Rescue Plan Act.”

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- ⁽⁶⁾ Transfers out in Fiscal Years 2021-22 and 2022-23 include transfers out of approximately \$24.4 million in each year to fund capital projects using funds made available due to the City's receipt of approximately \$48.8 million in funding received under ARPA across such years. Transfers out in Fiscal Years 2021-22 and 2022-23 also include transfers out to Internal Service Funds to increase reserves for technology, facilities, fleet and unfunded liabilities. See the caption "*—General Economic Condition and Outlook of the City—Impact on General Fund of American Rescue Plan Act.*"
- ⁽⁷⁾ The Fiscal Year 2020-21 beginning fund balance was restated in the City's audited financial statements for Fiscal Year 2020-21 due to the implementation of GASB Statement No. 84—Fiduciary Activities.

Sources: Audited financial statements of the City for Fiscal Years 2018-19 through 2022-23.

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>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Assets					
Pooled Cash and Investments	\$ 64,534,397	\$ 68,767,430	\$ 65,263,553	\$ 58,024,866	\$ 51,139,078
Receivables					
Accounts	2,081,202	2,207,456	2,837,967	4,251,200	7,072,296
Notes to Successor Agency	12,516,341	11,753,341	10,990,341	10,227,341	9,464,341
Leases ⁽¹⁾	--	--	--	1,694,567	1,629,255
Interest	1,160,418	991,399	661,485	820,927	1,827,367
Other	--	7,336	7,336	--	--
Prepaid Costs	339,973	409,162	482,250	451,612	743,112
Due from Other Governments	5,608,118	4,873,657	7,572,657	7,276,902	6,793,509
Due from Other Funds ⁽²⁾	1,867,562	2,966,880	29,281,493	51,782,657	63,304,067
Advances to Other Funds	4,400,000	4,700,000	5,050,000	5,400,000	5,500,000
Land Held for Resale/Redevelopment	2,860,044	2,860,044	2,856,471	2,856,471	2,856,471
Total Assets	\$ 95,368,055	\$ 99,536,705	\$ 125,703,553	\$ 142,786,543	\$ 150,329,496
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	\$ 16,492,002	\$ 10,751,549	\$ 11,684,989	\$ 23,568,023	\$ 22,798,736
Accrued Liabilities	1,438,182	3,235,422	1,409,049	915,232	1,313,703
Deposits Payable ⁽³⁾	--	--	7,212,329	8,746,423	9,385,188
Unearned Revenues	643,741	432,970	623,312	744,901	1,025,176
Due to Other Governments ⁽⁴⁾	1,557	4,742,713	3,888,597	8,205	6,010,337
Total Liabilities	\$ 18,575,482	\$ 19,162,654	\$ 24,818,276	\$ 33,982,784	\$ 40,533,140
Deferred Inflows of Resources					
Unavailable Revenues	\$ 11,058,884	\$ 9,903,236	\$ 14,299,923	\$ 9,884,828	\$ 9,601,917
Leases ⁽¹⁾	--	--	--	1,654,782	1,549,990
Total Deferred Inflows of Resources	\$ 11,058,884	\$ 9,903,236	\$ 14,299,923	\$ 11,539,610	\$ 11,151,907
Fund Balances					
Nonspendable					
Prepaid Costs	\$ 339,973	\$ 416,498	\$ 489,586	\$ 451,612	\$ 743,112
Land Held for Resale	2,860,044	2,860,044	2,856,471	2,856,471	2,856,471
Notes to Successor Agency	3,373,731	3,169,095	2,964,459	2,759,823	2,555,187
Advances to Other Funds	4,400,000	4,700,000	5,050,000	5,400,000	5,500,000
Committed to					
Revolving Line of Credit ⁽⁵⁾	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000
Maintenance of Pedestrian Bridge	195,276	195,276	225,234	240,363	255,936
Operating Reserve ⁽⁶⁾	13,392,552	13,392,552	14,285,848	16,129,747	22,446,030
Assigned to					
Economic Uncertainty Reserve ⁽⁷⁾	11,160,460	11,160,460	11,904,874	13,441,456	22,446,030
Continuing Appropriations	4,454,344	1,480,786	2,000,000	2,256,992	2,454,543
Grants and Federal/State Awards ⁽⁸⁾	--	--	3,743,928	--	13,115,981
GASB 31 ⁽⁹⁾	818,768	4,854,105	--	--	--
Other ⁽¹⁰⁾	--	--	2,263,612	--	--
Unassigned	22,138,541	25,641,999	38,201,342	51,127,685	23,671,159
Total Fund Balances	\$ 65,733,689	\$ 70,470,815	\$ 86,585,354	\$ 97,264,149	\$ 98,644,449
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 95,368,055	\$ 99,536,705	\$ 125,703,553	\$ 142,786,543	\$ 150,329,496

(1) Beginning in Fiscal Year 2021-22, the City implemented GASB Statement No. 87—Leases, which generally requires recognition of certain leased assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

(2) Increases beginning in Fiscal Year 2020-21 due to restructuring the financial reporting.

(3) Represents deposits held by the City for various development projects and shown beginning in Fiscal Year 2020-21 due to a change in reporting.

(4) Represents Public Safety expenditures accrued and sales tax payable. Increases in Fiscal Years 2021 and 2023 due to public safety services related to the pandemic response, which was funded by the American Rescue Plan Act.

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- (5) Reflects moneys made available from the General Fund to the Moreno Valley Electric Utility (“MVU”) for liquidity purposes. No portion of the available amount has been drawn upon for over a decade. MVU has robust reserves and the City does not currently expect MVU to draw upon these moneys for the foreseeable future.
- (6) Also referred to in the Reserve Policy as the Emergency fund. See the caption “—General Economic Condition and Outlook of the City—Fiscal Policies.”
- (7) 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.”
- (8) Amounts shown for Fiscal Year 2022-23 represent grants awarded but not yet completed.
- (9) Represents temporary fluctuations in the fair value of investments pursuant to GASB Statement No. 31. Not shown in Fiscal Years 2020-21 through 2022-23 due to changes in reporting structure.
- (10) Represents a GASB Statement No. 31 gain in Fiscal Year 2020-21.
- Sources: Audited financial statements of the City for Fiscal Years 2018-19 through 2022-23.

Tax Revenues by Source

The City derives its General Fund tax revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, franchise taxes, a real property transfer tax and transient occupancy taxes. The City’s total General Fund tax revenues by source for the five most recent fiscal years are set forth below.

TABLE 4
CITY OF MORENO VALLEY
GENERAL FUND TAX REVENUES BY SOURCE

Revenue Category	Fiscal Year Ended June 30,				
	2018-19	2019-20	2020-21	2021-22	2022-23
Property Tax	\$15,623,696	\$ 17,217,684	\$ 18,473,330	\$ 19,290,569	\$ 21,268,854
Property Tax In-Lieu of VLF	19,577,636	21,232,068	22,738,372	23,835,902	25,938,708
Utility Users Tax	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114
Sales and Use Tax ⁽¹⁾	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809
Transient Occupancy Tax	2,433,358	2,731,202	3,638,959	4,731,985	4,787,129
Franchise Tax	6,585,791	6,794,798	7,176,916	7,706,517	9,045,784
Business License Gross Receipts Tax	2,451,261	2,461,291	2,664,404	2,668,645	2,959,202
Documentary Transfer Tax	833,082	935,134	739,434	1,314,039	954,975
Cannabis Business Tax ⁽²⁾	--	47,589	1,229,029	3,396,941	3,183,652
Total Tax Revenues	\$84,197,072	\$ 87,417,686	\$98,745,386	\$121,222,991	\$123,801,227

(1) Increase beginning in Fiscal Year 2021-22 due to changes in the corporate structure of Amazon, which operates a fulfillment center within the City, which led to increased collections of sales taxes received by the City. See the caption “—Sales Taxes.”

(2) The cannabis business tax was approved by the voters in November 2018. See the caption “—Other Taxes.”
Source: City.

Property Taxes

Property tax receipts of \$21,268,854 (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 2022-23, contributing approximately 17.2% of General Fund tax revenues and approximately 13.2% of total General Fund revenues during Fiscal Year 2022-23.

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.

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.

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. 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 5 are the secured and unsecured assessed valuations for property in the City for the five most recent Fiscal Years.

**TABLE 5
CITY OF MORENO VALLEY
ASSESSED VALUATION HISTORY**

<i>Fiscal Year</i>	<i>Secured Value</i>	<i>Utility</i>	<i>Unsecured Value</i>	<i>Total Assessed Value</i>	<i>Less Exemptions</i>	<i>Taxable Assessed Value</i>
2020	\$16,777,704,373	\$18,450	\$718,740,733	\$17,496,463,556	\$385,359,433	\$17,111,104,123
2021	17,993,472,260	18,450	744,144,717	18,737,635,427	396,783,606	18,340,851,821
2022	18,891,344,445	18,450	732,701,389	19,624,064,284	416,160,436	19,207,903,848
2023	20,519,931,698	18,450	795,193,318	21,315,143,466	433,258,320	20,881,885,146
2024	22,081,305,394	18,450	1,037,323,828	23,118,647,672	446,202,881	22,672,444,791

⁽¹⁾ 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: County Assessor’s Office; County Auditor-Controller’s Office.

Set forth in Table 6 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. The County has 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, and therefore 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 City’s participation in the Teeter Plan, 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 6
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>Total Collections to Date</i>	<i>Percent of Levy Collected to Date</i>
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
2021	33,423,930	32,965,479	98.63	458,450	33,423,930	100.00
2022	35,239,398	34,720,200	98.53	519,198	35,239,398	100.00
2023	37,433,664	37,433,664	100.00	–	37,433,664	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, 2023.

Information with respect to the ten largest property taxpayers in the City as shown on the Fiscal Year 2023-24 tax roll is set forth in Table 7.

**TABLE 7
CITY OF MORENO VALLEY
TEN LARGEST PROPERTY TAXPAYERS**

<i>Taxpayer</i>	<i>2024 Taxable Assessed Valuation</i>	<i>% of Total Assessed Valuation⁽¹⁾</i>
Skechers USA Inc. ⁽²⁾	\$ 400,294,478	1.77%
Duke Realty LP	274,972,000	1.21
First Industrial LP	273,632,246	1.21
TGA Centerpointe LLC	272,446,544	1.20
Prologis Targeted US Logistics Fund	202,316,286	0.89
Prologis	163,790,708	0.72
Ross Dress For Less Inc.	158,126,686	0.70
Amazon.com Services LLC	154,839,457	0.68
FR Cal Moreno Valley LLC	134,491,023	0.59
FR Cal Indian Avenue LLC ⁽²⁾	<u>127,900,757</u>	<u>0.56</u>
TOTAL	\$ 2,162,810,185	9.54%

(1) Fiscal Year 2023-24 total taxable assessed value: approximately \$22,672,444,791.

(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: County Assessor’s Office.

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 \$25,938,708 in Fiscal Year 2022-23. Such revenues provided the second largest tax revenue source for the City in Fiscal Year 2022-23, contributing approximately 20.9% of General Fund tax revenues and approximately 16.2% of total General Fund revenues.

**TABLE 8
CITY OF MORENO VALLEY
STATE OF CALIFORNIA MOTOR VEHICLE IN-LIEU PAYMENTS**

<i>Source</i>	<i>Fiscal Year Ended June 30,</i>				
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Motor Vehicle In-Lieu Payments	\$19,577,636	\$21,232,068	\$22,738,372	\$23,835,902	\$25,938,708

Source: City.

Sales Taxes

Sales tax receipts of \$36,161,809 provided the largest tax revenue source for the City in Fiscal Year 2022-23, contributing approximately 29.2% of General Fund tax revenues and approximately 22.5% of total General Fund revenues during Fiscal Year 2022-23. 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 City Council placed a measure (“**Measure G**”) 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. Measure G was approved by the voters of the City; however, the CDTFA did not allow for the collection of the Measure G sales tax and, therefore, the City has not been collecting the extra one percent sales tax.

Additional information relating to sales tax receipts by the City is set forth in APPENDIX A—“ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MORENO VALLEY”.

Utility Taxes

Utility tax receipts of \$19,501,114 provided the fourth largest tax revenue source for the City in Fiscal Year 2022-23, contributing approximately 15.7% of General Fund tax revenues and approximately 12.1% of total General Fund revenues during Fiscal Year 2022-23. 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 guards, animal control, community enhancement, 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 \$21,145,389 collected by the City in Fiscal Year 2022-23, including but not limited to transient occupancy taxes, business license taxes, franchise fees, property transfer taxes and Measure M tax revenues (described below), provided approximately 17.1% of General Fund tax revenues and 13.2% of total General Fund revenues during Fiscal Year 2022-23.

On November 6, 2018, City voters approved Measure M, a tax on commercial cannabis activity at the rate of 8% of the sales price (excluding excise taxes) of cannabis products. The City has made 39 cannabis business permits available, of which 17 are currently in use. Fiscal Year 2020-21 was the first full year in which the Measure M tax was collected. See the caption “—Tax Revenues by Source” for the City’s historical Measure M tax revenues.

Services

Fees of \$36,766,563 collected for services provided by the City in Fiscal Year 2022-23, 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 22.9% of General Fund revenues during Fiscal Year 2022-23. 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.

Other Indebtedness

General Fund-Supported Debt.

2014 Bonds. In November 2014, the Authority issued the 2014 Bonds to refinance certain capital improvements of the City and MVU. The Series 2024 Bonds are being issued to refund the 2014 Bonds. See the captions “SOURCES AND USED OF FUNDS” AND “THE REFUNDING PLAN.”

Series 2019 Bonds. In April 2019, the Authority issued its Lease Revenue Bonds, Series 2019 (Taxable) (the “**Series 2019 Bonds**”) to finance certain capital improvements of MVU. 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 a Facilities Sublease. As of June 30, 2023, the Series 2019 Bonds were outstanding in the aggregate principal amount of \$15,830,000.

The City has covenanted in the Facilities Sublease with respect to the Series 2019 Bonds to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including MVU, in the same manner as for the Series 2024 Bonds.

Series 2021 Bonds. In October 2021, the Authority issued its Lease Revenue Refunding Bonds, series 2021 (Taxable) (the “**Series 2021 Bonds**”) to refinance certain capital improvements of MVU. The Series 2021 Bonds mature on May 1, 2045 and bear interest at rates ranging from 0.183% to 3.100% per annum. The Series 2021 Bonds are payable from rental payments by the City to the Authority under the same Facilities Sublease as the Series 2019 Bonds. As of June 30, 2023, the Series 2021 Bonds were outstanding in the aggregate principal amount of \$27,810,000.

The City has covenanted in the Facilities Sublease with respect to the Series 2021 Bonds to budget and appropriate moneys annually for the lease payments payable thereunder from legally available funds, including MVU, in the same manner as for the Series 2024 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 to be made from revenues of MVU. 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 2,000 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 June 30, 2023, the agreement was outstanding in the aggregate principal amount of \$6,425,772.

Other Long-Term Debt. As of June 30, 2023, the City had \$17,905,000 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 (Measure A) imposed by the Riverside County Transportation Commission.

Short-Term Debt. The City currently has no short-term debt outstanding. As discussed in the footnotes 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 MVU for liquidity purposes. No portion of the available amount has been drawn upon for over a decade. MVU has robust reserves and the City does not currently expect MVU 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 May 1, 2024 is set forth in Table 9. The information in Table 9 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 9 and the City, the Authority and the Underwriter do not guarantee its accuracy.

**TABLE 9
CITY OF MORENO VALLEY
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT**

2023-24 Assessed Valuation: \$22,671,135,496

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/24</u>
Metropolitan Water District	0.586%	\$ 106,711
Riverside County Flood Control and Water Conservation District Zone 4	28.299	779,637
Eastern Municipal Water District, I.D. No. U-22	99.099	1,139,639
Riverside City Community College District	14.790	41,833,730
Mount San Jacinto Community College District	0.019	46,020
Moreno Valley Unified School District	80.273	229,037,899
San Jacinto Unified School District	0.541	393,037
Val Verde Unified School District	28.831	90,330,968
Moreno Valley Unified School District Community Facilities District No. 2002-1	100.	8,279,754
Moreno Valley Unified School District Community Facilities District No. 2003-1 & 2	100.	12,890,849
Moreno Valley Unified School District Community Facilities District No. 2004-1	100.	1,905,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	100.	5,485,969
Moreno Valley Unified School District Community Facilities District No. 2004-3	100.	2,685,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	100.	3,475,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	100.	3,205,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	100.	30,925,192
Moreno Valley Unified School District Community Facilities District No. 2005-1	100.	6,115,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3, 4, & 5	100.	20,775,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	100.	4,590,000
Moreno Valley Unified School District Community Facilities District No. 2015-2	100.	6,145,000
Moreno Valley Unified School District Community Facilities District No. 2015-3	100.	3,950,000
Moreno Valley Unified School District Community Facilities District No. 2016-1	100.	5,080,000
Moreno Valley Unified School District Community Facilities District No. 2017-1	100.	3,540,000
Moreno Valley Unified School District Community Facilities District No. 2018-1	100.	9,890,000
Moreno Valley Unified School District Community Facilities District No. 2019-1	100.	5,310,000
Moreno Valley Unified School District Community Facilities District No. 2019-2	100.	4,940,000
Moreno Valley Unified School District Community Facilities District No. 2020-1	100.	3,940,000
Val Verde Unified School District Community Facilities District No. 98-1	100.	8,950,000
Val Verde Unified School District Community Facilities District No. 2003-2	100.	2,070,000
Val Verde Unified School District Community Facilities District No. 2014-1	100.	6,620,000
Val Verde Unified School District Community Facilities District No. 2018-1	100.	12,375,000
Eastern Municipal Water District Community Facilities Districts	100.	13,941,000
City of Moreno Valley Community Facilities District No. 5	100.	4,365,000
City of Moreno Valley Community Facilities District No. 7, I.A. No. 1	100.	2,800,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$557,915,405
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	5.714%	\$ 37,487,533
Riverside County Pension Obligation Bonds	5.714	38,328,655
Riverside City Community College District Certificates of Participation	14.790	3,630,945
Moreno Valley Unified School District Certificates of Participation	80.273	3,014,251
San Jacinto Unified School District Certificates of Participation	0.541	203,768
Val Verde Unified School District Certificates of Participation	28.831	13,007,106
Western Municipal Water District Certificates of Participation	0.142	3,869
City of Moreno Valley General Fund Obligations	100.	72,186,303
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$167,862,430
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>	 22.423 - 100.0%	 \$44,016,245
 COMBINED TOTAL DEBT		 \$769,794,080⁽¹⁾
 <u>Ratios to 2023-24 Assessed Valuation:</u>		
Total Overlapping Tax and Assessment Debt	2.46%	
Total Direct Debt (\$72,186,303).....	0.32%	
Combined Total Debt.....	3.40%	
 <u>Ratios to Redevelopment Successor Agencies Incremental Valuation (\$5,342,464,265):</u>		
Total Overlapping Tax Increment Debt.....	0.82%	

⁽¹⁾ Excludes the Series 2024A Bonds.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue 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 as of June 30, 2023.

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	8.00% ⁽¹⁾	7.00% ⁽¹⁾	6.75% ⁽¹⁾
Employer Normal Cost Rate	19.69%	19.69%	19.69%

⁽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 benefit 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 2024
(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	\$345,000	\$181,734
Maximum Pensionable Income if also Participating in Social Security	N/A	\$151,446

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 2022-23, required employer normal cost rates as a percentage of payroll were 12.21%, 12.21% and 12.21% 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 2023-24, required employer normal cost rates as a percentage of payroll are 13.01%, 13.01% and 13.01% 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 2022-23, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous plan was \$7,289,937. For Fiscal Year 2023-24, the total required employer payment of the unfunded accrued liability for the City’s Miscellaneous plan is \$6,961,358; the City paid this amount in a lump sum on July 20, 2023.

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 2012-13 through 2022-23 report investment gains (and losses) of approximately 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7%, 4.7%, 21.3%, (6.1%), and 6.1%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

CalPERS’ discount rate was lowered from 7.00% to 6.80% in fall 2021. Lowering the discount rate means that employers that 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 who were not previously CalPERS members will also see their contribution rates rise under AB 340.

The tables below are derived from the Actuarial Valuation as of June 30, 2022 for the Miscellaneous Plan of the City of Moreno Valley (the “**2023 Report**”) and show the required and projected employer contributions (before cost sharing) for the next six fiscal years, as well as the historical funded status of the City’s Miscellaneous pension plan. Projected results reflect the adopted changes to the discount rate described in the 2023 Report. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over time as new employees are hired into AB 340 or other lower cost benefit tiers.

The foregoing projections assumed the investment return for fiscal year 2022-23 would be 6.8%. As described above, CalPERS announced an investment return of 6.1% for fiscal year 2022-23. As a result, the actual contribution requirements for the fiscal years 2024-25 and the following years shown below can be expected to differ from such projections. No assurance can be provided that the City’s CalPERS plan expenses will not increase significantly in the future.

<i>Fiscal Year</i>	<i>Required Contribution</i>		<i>Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2022-23 and Beyond)</i>			
	<i>2024-25</i>	<i>2025-26</i>	<i>2026-27</i>	<i>2027-28</i>	<i>2028-29</i>	<i>2029-30</i>
Normal Cost %	12.11%	11.8%	11.4%	11.1%	10.8%	10.5%
UAL Payment	\$7,988,536	\$8,522,000	\$8,104,000	\$8,521,000	\$9,398,000	\$9,605,000
Total as a % of Payroll*	43.90%	44.8%	41.9%	42.3%	44.3%	43.8%
Projected Payroll	\$25,126,798	\$25,830,348	\$26,553,599	\$27,297,099	\$28,061,418	\$28,847,138

* Illustrative only and based on the projected payroll shown.
Source: CalPERS’ 2023 Report.

The tables below are derived from the 2023 Report and show the funded status of the City’s Miscellaneous pension plan as of the valuation dates shown.

<i>Valuation Date</i>	<i>Accrued Liability</i>	<i>Market Value of Assets</i>	<i>Unfunded Liability</i>	<i>Funded Ratio</i>	<i>Annual Covered Payroll</i>
6/30/2018	\$215,472,491	\$139,902,350	\$75,570,141	64.9%	\$21,200,824
6/30/2019	226,950,772	148,460,981	78,489,791	65.4	22,554,727
6/30/2020	238,198,412	155,038,558	83,159,854	65.1	24,020,218
6/30/2021	251,638,371	189,639,861	61,998,510	75.4	21,136,753
6/30/2022	264,504,100	174,120,660	90,383,440	65.8	23,129,051

Source: CalPERS’ 2023 Report.

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 \$84,102,896 for Fiscal Year 2021-22 (as of the measurement date of June 30, 2022). 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 2022-23, the City incurred Miscellaneous plan pension expenses of \$10,099,679.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2021-22 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	6.90%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by entry age and service, depending on age, service and type of employment
Investment Rate of Return	7.00% net of pension plan investment and administrative expenses; includes projected inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds

⁽¹⁾ The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a 2017 CalPERS actuarial experience study for the period 1997 to 2015.

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, 2021 (Measurement Date)	\$ 244,548,531	\$ 189,651,335	\$ 54,897,196
Balance at June 30, 2022 (Measurement Date)	<u>258,227,772</u>	<u>174,124,876</u>	<u>84,102,896</u>
Net Changes for period from July 1, 2021 through June 30, 2022	\$ 13,679,241	\$ (15,526,459)	\$ 29,205,700

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 2022-23 (6.90%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.90%) or 1 percentage point higher (7.90%) than the Fiscal Year 2022-23 rate:

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

	<i>Discount Rate – 1% (5.90%)</i>	<i>Applicable Discount Rate (6.90%)</i>	<i>Discount Rate + 1% (7.90%)</i>
<i>Plan’s Net Pension Liability/(Asset)</i>	\$118,695,641	\$84,102,896	\$55,515,876

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 C.

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 June 30, 2022 (the census date), the following employees were covered by the benefit terms:

<i>Category</i>	<i>Count</i>
Active employees	316
Inactive employees or beneficiaries currently receiving benefit payments	177
Inactive employees entitled to but not yet receiving benefit payment	80

Source: City.

The City funds benefits under the OPEB Plan based on an Actuarially Determined Contribution (the “ADC”). For the year ended June 30, 2023, the City’s ADC contribution rate was 5.89% 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 GovInvest (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, 2022, the City’s unfunded actuarial accrued liability for postemployment benefits was \$5,733,797. The Actuarial Consultant also concluded that the City’s ADC is \$1,090,184.

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, 2023, the City held \$13,897,244 in the OPEB Trust. Based on the most recent actuarial valuation, the actuarial unfunded liability of the OPEB Plan was estimated to be approximately \$5,733,797 using a methodology that is compliant with GASB 75.

Changes in the total liability for the City’s OPEB Plan for Fiscal Year 2022-23 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, 2022	\$ 20,689,327	\$ 15,414,512	\$ 5,274,815
Net Changes for period from July 1, 2022 through June 30, 2023	<u>(1,058,286)</u>	<u>(1,517,268)</u>	<u>458,982</u>
Balance at June 30, 2023	\$ 19,631,041	\$ 13,897,244	\$ 5,733,797

Source: City.

The following table presents the net liability of the OPEB Plan, calculated using the discount rate applicable to Fiscal Year 2022-23 (6.00%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.00%) or 1 percentage point higher (7.00%) 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% (5.00%)</i>	<i>Current Discount Rate (6.00%)</i>	<i>Discount Rate + 1% (7.00%)</i>
Plan’s Total Liability/(Asset)	\$7,940,288	\$5,733,797	\$3,868,565

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 2024 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 C.

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 21, 2024. 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’s cash flow requirements are evaluated on an ongoing basis, with short-term needs accommodated through the City’s pooled investment funds with the Local Agency Investment Fund (“**LAIF**”) and California CLASS. LAIF is a pool of public funds managed by the State Treasurer of California, providing 24- hour liquidity while yielding a rate of return approximately equivalent to a one-year treasury bill. Additionally, California CLASS is a Joint Powers Authority investment pool that provides public agencies the opportunity to invest funds on a cooperative basis in rated pools that are managed in accordance with state law with the primary objectives of offering Participants safety, daily and next-day liquidity, and optimized returns.

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 March 31, 2024 is set forth in the below table.

**CITY OF MORENO VALLEY
SUMMARY OF INVESTMENTS**

<i>Investment Type</i>	<i>Cost Value</i>	<i>Market Value</i>	<i>Par Value</i>
Bank Accounts	\$ 5,359,322	\$ 5,359,322	\$ 5,359,322
Local Agency Investment Fund	47,853,723	47,581,034	47,853,723
California CLASS	97,009,278	97,009,278	97,009,278
Investments	<u>254,089,450</u>	<u>248,155,217</u>	<u>256,449,338</u>
Subtotal	\$ 404,311,773	\$398,104,851	\$ 406,671,661
Total Funds with Fiscal Agents		<u>\$ 2,772,560</u>	
Total Investment Portfolio		\$400,877,411	

⁽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 C.

RISK FACTORS

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 2024A Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2024A Bonds. 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 2024A Bonds

The Series 2024A Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2024A 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 or the State or of 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 or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement in its annual budgets and to make necessary annual appropriations for all such Rental 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.”

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to

make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California 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 "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 "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Abatement." In the event that all or a 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 for which funds are available from the funds and accounts established under the Indenture, 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 Series 2024A 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, it may be that the value of the Property is substantially higher or lower than its value at the time of issuance of the Series 2024A Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2024A 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 Series 2024A 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 Lease Agreement and the Indenture, no remedy is available to the Series 2024A Bond Owners for nonpayment under such circumstances.

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 2024A 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. On June 15, 2021, the City adopted a Climate Action Plan (the “CAP”) as part of the City’s comprehensive General Plan update, which is intended to guide the City’s planning and development through 2040.

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.

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. The City also carries cyber insurance. See the caption "THE CITY—Risk Management."

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. 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 Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Substitution, Addition and Removal of Property." Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels.

Although the Lease Agreement 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 payable by the City in any Rental Period, 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 2024A Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE—Substitution or Release of, or Addition to, the Property."

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement 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 Rental Payments, in any Rental Period 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.

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 Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days or such additional time as is reasonable required to correct any such default after notice by the Authority to the City, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise 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 Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. 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 Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will 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 Series 2024A Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series 2024A Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS” and APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—DEFAULTS AND REMEDIES.”

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; usual equitable 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; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the “**Bankruptcy Code**”), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the

event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the Base Rental Payments for the benefit of the Owners of the Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Authority would recover possession of the Property and the Trustee, as assignee of the Authority, would have a claim for damages against the City. The Trustee's claim would constitute a secured claim only to the extent of Revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners of the Series 2024A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Series 2024A Bonds. In a bankruptcy case, the amount recovered by Owners of the Series 2024A Bonds could be affected by whether the Lease Agreement is determined to be a "true lease" or a loan or other financing arrangement (a "**financing lease**"), and the Owners' recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a "true lease" (rather than a financing lease), the City could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Series 2024A Bonds may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the City might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition there can be a substantial disparity in treatment based on the nature of the Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest due on the Series 2024A Bonds.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Series 2024A Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners 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.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement 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 Lease Agreement, and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series 2024A Bonds when due. In addition, certain risks, such as earthquakes and floods, are not required to be insured under the Lease Agreement, and therefore, are not carried by the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS—Insurance."

Loss of Tax Exemption

As discussed under the heading “TAX MATTERS,” the interest on the Series 2024A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2024A Bonds, as a result of acts or omissions of the Authority or the City in violation of their covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Series 2024A Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2024A Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

On June 29, 2024, the Governor signed the State budget for fiscal year 2024-25 (the “**2024-25 State Budget**”). The following is drawn from the Department of Finance (“**DOF**”) and Legislative Analyst’s Office (“**LAO**”) summaries of the 2024-25 State Budget

The 2024-25 State Budget reports that, emerging from the COVID-19 pandemic, the State has experienced significant revenue volatility occasioned by unprecedented revenue growth that was quickly followed by a sharp correction back towards to historical trends, as well as federal and state income tax deadline delays which significantly clouded the State’s revenue forecast. The 2024-25 State Budget estimates that the State is facing a budget shortfall in fiscal year 2024-25 of approximately \$46.8 billion. For fiscal year 2023-24, the 2024-25 State Budget projects total general fund revenues and transfers of \$189.4 billion and authorizes expenditures of \$223.1 billion. The State is projected to end the 2023-24 fiscal year with total reserves of \$26.4 billion, including \$22.6 billion in the Budget Stabilization Account (the “**BSA**”), \$2.9 billion in the traditional general fund reserve, and \$900 million in the Safety Net Reserve Fund. The 2024-25 State Budget also authorizes the withdrawal of the full amount on deposit in the Public School System Stabilization Account (“**PSSSA**”), leaving a zero balance. For fiscal year 2024-25, the 2024-25 State Budget projects total general fund revenues and transfers of \$212.1 billion and authorizes expenditures of \$211.5 billion. The State is projected to end the 2024-25 fiscal year with total reserves of \$22.2 billion, including \$3.5 billion in the traditional general fund reserve, \$17.6 billion in the BSA and \$1.1 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance.

While the City is not substantially reliant on the State’s finances, a number of the City’s revenues are collected and dispersed by the State (such as sales tax and motor-vehicle license fees) 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, 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 “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A” and “—Proposition 22” below.

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the Insured Series 2024A Bonds as a result of the failure of the City to pay the Base Rental Payments when due, the Owners of the Insured Series 2024A 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 Series 2024A Bonds, no assurance can be given that such event will not adversely affect the market for the Insured Series 2024A Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the Insured Series 2024A Bonds when due under the Policy, the Insured Series 2024A Bonds will be payable solely from Base Rental Payments and amounts held in certain funds and accounts established under the Indenture, as described under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS.”

The Insurer is expected to insure a majority of the Series 2024A Bonds and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the owners of the Series 2024A Bonds. As a result, Owners of the Series 2024A Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the Authority under the Indenture. The Insurer may have different business and other interests than the Owners of the Series 2024A Bonds.

The long-term rating on the Insured Series 2024A 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 Insured Series 2024A Bonds. See the caption “RATINGS.”

None of the City, the Authority or the Underwriter have 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 City, the Authority or the Underwriter in this Official Statement. Therefore, when making an investment decision with respect to the Insured Series 2024A Bonds, potential investors should carefully consider the ability of the City to pay Base Rental Payments, which secure the Insured Series 2024A 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 Series 2024A 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 Indenture and will have the right to control all remedies for default under the Indenture. The Insurer is not required to obtain the consent of the Owners with respect to the exercise of remedies.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2024A Bonds are payable from Base Rental Payments made from the City’s General Fund. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024A BONDS.” Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on

indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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, including a general economic downturn, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Article XIII B of the State Constitution

In addition to the limits that Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriations limit” imposed by Article XIII B which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIII B, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to “proceeds of taxes,” which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed “the cost reasonably borne by such entity in providing the regulation, product or service.” “Proceeds of taxes” excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds. Article XIII B also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was

exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

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

Articles XIII C and XIII D of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIII C and XIII D to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIII C requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (such as Measure W) require a majority vote, and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIII D also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIII D, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect revenues of this nature, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIII C also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or 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 or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from taxes purported to be governed by Proposition 218, 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.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (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 of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was 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 July 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of Santa Clara County Local Transportation Authority v. Guardino, upheld the constitutionality of Proposition 62. In this case, the court held that a countywide sales tax of one-half of one percent was a special tax that, under Section 53722 of the Government Code, required a two-thirds voter approval. Because the tax received an affirmative vote of only 54.1%, this special tax was found to be invalid. The decision did not address the question of whether or not it should be applied retroactively.

Following the California Supreme Court’s decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, Howard Jarvis Taxpayers Association v. City of La Habra, et al. In this case, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation, upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A was approved by the voters at the November 2, 2004 election. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property, sales, and vehicle license fee revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State may

borrow up to eight percent of local property tax revenues, but only if the Governor proclaims such action is necessary due to a severe State fiscal hardship, and two-thirds of both houses of the Legislature approves the borrowing. The amount borrowed is required to be paid back within three years. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of 10 fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the statewide local sales tax.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as “The Local Taxpayer, Public Safety, and Transportation Protection Act” (“**Proposition 22**”). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government’s purposes. Furthermore, Proposition 22 restricts the State’s ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government’s control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City’s financial condition.

Proposition 26

On November 2, 2010, State voters also 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.

Possible Future Initiatives

Articles XIII A, XIII B, XIII C and XIII D and Propositions 218, 111, 62, 1A, 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, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, 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 (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2024A Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2024A Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2024A Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2024A Bonds to assure that interest (and original issue discount) on the Series 2024A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2024A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2024A Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2024A Bond (the first price at which a substantial amount of the Series 2024A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2024A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2024A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2024A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Series 2024A Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2024A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2024A Bond Owner's basis in the applicable Series 2024A Bond (and the amount of tax-exempt interest received with respect to the Series 2024A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2024A Bond Owner realizing a taxable gain when a Series 2024A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2024A Bond to the Owner. Purchasers of the Series 2024A Bonds should consult

their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2024A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2024A Bonds might be affected as a result of such an audit of the Series 2024A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2024A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2024A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2024A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2024A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2024A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2024A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2024A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2024A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2024A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2024A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2024A Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2024A Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2024A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of Series 2024A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2024A Bonds.

Should interest (and original issue discount) on the Series 2024A Bonds become includable in gross income for federal income tax purposes, the Series 2024A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Series 2024A Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, is also acting as Disclosure Counsel for the City. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2024A Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Series 2024A Bonds. Certain legal matters will be passed upon for the Underwriter by Kutak Rock LLP, for the Trustee by its counsel and for the Insurer by its counsel. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Series 2024A Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2024A Bonds, the Lease Agreement, the Ground Lease or the Indenture, 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.

UNDERWRITING

The Series 2024A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”). The Underwriter will purchase the Series 2024A Bonds from the Authority at an aggregate purchase price of \$24,360,939.15 (representing the principal amount of the Series 2024A Bonds, plus an original issue premium of \$2,529,405.15 and less an Underwriter’s discount of \$128,466.00). The purchase agreement relating to the Series 2024A Bonds provides that the Underwriter will purchase all of the Series 2024A Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2024A Bonds to certain dealers (including dealers depositing Series 2024A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

RATINGS

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business (“**S&P**”) has assigned a rating of “AA” to the Insured Series 2024A Bonds based upon the delivery of the Policy by the Insurer at the time of issuance of the Insured Series 2024A Bonds. S&P has assigned the Series 2024A Bonds the rating of “AA-” without regard to the delivery of the Policy. Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from S&P. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2024A Bonds. None of the Authority, the City or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2024A Bonds a proposed change in or withdrawal of the ratings or to oppose any such proposed revision or withdrawal.

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc., Irvine, California (the “**Municipal Advisor**”), served as municipal advisor to the Authority and the City with respect to the sale of the Series 2024A Bonds. The Municipal Advisor will receive compensation contingent upon the sale and delivery of the Series 2024A 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.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series 2024A Bonds to provide annually certain financial information and operating data relating to the Series 2024A Bonds and the City (the “**Annual Report**”), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City’s undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” The Annual Report is to be provided by the City not later than nine months following the end of the City’s fiscal year (which presently ends on June 30), commencing with the report for the fiscal year ending June 30, 2024 and due March 31, 2025. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Within the last five years, the City has not failed to comply with continuing disclosure obligations related to any of the Authority’s or the City’s outstanding obligations pursuant to SEC Rule 15c2-12(b)(5).

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 compliance with Rule 15c2-12.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C is the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2023, together with the report thereon dated January 17, 2024 of Rogers, Anderson, Malody & Scott, LLP (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 January 17, 2024.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which 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 Indenture, the Lease Agreement, the Ground Lease 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 2024A 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

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY OF MORENO VALLEY AND THE REGION

The following information is presented as general background data. The Series 2024A 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 2024A Bonds.

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 207,146 as of January 1, 2024. 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>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Moreno Valley	208,069	208,008	207,549	206,903	207,146
Riverside County	2,418,185	2,419,165	2,427,832	2,428,580	2,442,378
California	39,538,223	39,327,868	39,114,785	39,061,058	39,128,162

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change — January 1, 2023 and 2024. Sacramento, California, May 2024.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2019 through 2023 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⁽¹⁾</i>	<i>Unemployment⁽²⁾</i>	<i>Unemployment Rate (%)⁽³⁾</i>
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
2021				
City of Moreno Valley	98,600	90,400	8,200	8.3%
Riverside County	1,130,500	1,047,700	82,800	7.3
California	18,923,200	17,541,900	1,381,200	7.3
United States ⁽⁴⁾	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Moreno Valley	99,000	94,600	4,400	4.4%
Riverside County	1,145,700	1,097,200	48,500	4.2
California	19,169,300	18,348,900	820,400	4.3
United States ⁽⁴⁾	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Moreno Valley	100,100	95,100	5,100	5.0%
Riverside County	1,157,900	1,102,300	55,600	4.8
California	19,308,300	18,388,300	920,000	4.8
United States ⁽⁴⁾				

⁽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 2023 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 2023.

CITY OF MORENO VALLEY
Largest Employers – Fiscal Year 2023

<i>Employer</i>	<i>Number of Employees</i>	<i>Type of Business</i>
March Air Reserve Base	6,500	Military
Amazon.com, Inc.	4,854	Fulfillment
Riverside County Regional Medical Center	4,325	Medical
Moreno Valley Unified School District	3,673	Public Agency
Kaiser Permanente Community Hospital	1,467	Medical
Ross Dress for Less / D D's Discounts	1,366	Distribution
Harbor Freight Tools	1,150	Distribution
Procter & Gamble	632	Distribution
Val Verde Unified School District	620	Public Schools
United Natural Foods (UNFI)	559	Distribution

Source: City of Moreno Valley Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023.

COUNTY OF RIVERSIDE
Largest Employers – Fiscal Year 2023

<i>Employer</i>	<i>Number of Employees</i>
County of Riverside	25,366
Amazon.com, Inc.	14,317
March Air Reserve Base	9,600
Nestle UA	8,874
University of California, Riverside	8,623
State of California	8,383
Wal-Mart	7,494
Moreno Valley Unified School District	6,020
Kaiser Permanente Riverside Medical Center	5,817
Corona-Norco Unified School District	5,478

Source: County of Riverside Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2023.

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 2019 through 2023.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA Industry Employment and Labor Force (Annual Average)

	2019	2020	2021	2022	2023
Civilian Labor Force	2,070,700	2,073,900	2,120,600	2,148,700	2,171,500
Civilian Employment	1,986,100	1,872,600	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,600	201,300	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.7%	7.4%	4.2%	4.7%
Total Farm	15,400	13,900	13,700	13,800	13,100
Total Nonfarm	1,552,100	1,487,800	1,575,100	1,659,800	1,679,800
Total Private	1,290,900	1,238,700	1,333,100	1,409,800	1,418,900
Goods Producing	208,900	200,500	207,700	216,300	216,100
Mining and Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	105,000	110,100	114,700	115,700
Manufacturing	100,600	94,300	96,100	100,000	98,900
Service Providing	1,343,200	1,287,400	1,367,400	1,443,500	1,463,700
Trade, Transportation and Utilities	394,400	403,800	443,200	464,900	456,500
Wholesale Trade	67,100	64,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing and Utilities	146,600	170,500	198,800	214,400	205,100
Information	11,500	9,400	12,500	13,000	13,300
Financial Activities	45,000	43,700	45,200	46,000	44,900
Professional and Business Services	158,700	154,000	166,600	173,900	164,800
Educational and Health Services	250,300	248,700	254,300	267,500	287,500
Leisure and Hospitality	175,900	139,200	160,200	180,900	186,500
Other Services	46,200	39,600	43,600	47,400	49,300
Government	<u>261,200</u>	<u>249,100</u>	<u>242,000</u>	<u>250,000</u>	<u>260,900</u>
Total, All Industries	<u>1,567,500</u>	<u>1,501,800</u>	<u>1,588,800</u>	<u>1,673,500</u>	<u>1,692,900</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 2023 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>
2019	\$15,490,166	\$637,631	\$16,127,798
2020	16,780,625	718,741	17,499,366
2021	17,993,472	744,145	18,737,617
2022	18,891,344	732,720	19,624,064
2023	20,519,932	795,211	21,315,143

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2023.

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>
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
2021 ⁽²⁾	33,423,930	32,965,479	98.63	458,450	33,423,930	100.00
2022	35,239,398	34,720,200	98.53	519,198	35,239,398	100.00
2023	37,433,664	37,433,664	100.00	-	37,433,664	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⁾ Starting in fiscal year 2021, with the implementation of GASB 84, Custodial Funds receiving tax levies (Special Tax) are accounted for as liabilities, therefore, excluded from the Property Tax Levies and Collections calculation.

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2023.

Largest Taxpayers

The principal property taxpayers in the City for 2023 were as follows:

CITY OF MORENO VALLEY Largest Property Taxpayers

<i>Taxpayer</i>	<i>2023 Taxable Assessed Valuation</i>	<i>% of Total Assessed Valuation</i>
Skechers USA, Inc.	\$ 327,192,762	1.57%
Duke Realty LP	269,650,486	1.29
First Industrial LP	268,267,502	1.28
TGA Centerpointe LLC	267,104,459	1.28
Prologis Targeted US Logistics Fund LP	198,349,302	0.95
Prologis	160,579,127	0.77
Ross Dress for Less, Inc.	150,736,696	0.72
Amazon Com Services LLC	147,298,314	0.71
FR Cal Moreno Valley LLC	131,853,947	0.63
Walgreen Company	<u>125,968,859</u>	<u>0.60</u>
TOTAL	\$ 2,047,001,454	9.80%

Source: City of Moreno Valley Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2023.

Building Activity

In addition to annual building permit valuations, the numbers of permits for new dwelling units issued each year from 2019 through 2023 are shown in the following tables for both the County and the City.

COUNTY OF RIVERSIDE Building Permit Valuations (Dollars in Thousands)

	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$2,275,405	\$2,519,303	\$2,162,239	\$2,768,803	\$3,306,086
Non-residential	<u>1,285,856</u>	<u>1,153,778</u>	<u>1,253,029</u>	<u>1,176,853</u>	<u>1,676,498</u>
Total*	\$3,561,261	\$3,673,081	\$3,415,268	\$3,945,656	\$4,982,584
Residential Units:					
Single family	6,563	8,443	7,360	8,863	8,894
Multiple family	<u>1,798</u>	<u>723</u>	<u>1,126</u>	<u>2,861</u>	<u>6,428</u>
Total	8,361	9,166	8,486	11,724	15,322

* 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>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Valuation (\$000):					
Residential	\$ 83,548	\$ 89,140	\$ 100,963	\$ 74,472	\$ 210,946
Non-residential	<u>427,693</u>	<u>158,503</u>	<u>54,465</u>	<u>37,407</u>	<u>70,278</u>
Total	\$ 511,241	\$ 247,643	\$ 155,428	\$ 111,879	\$ 281,225
Residential Units:					
Single family	315	186	377	198	189
Multiple family	<u>14</u>	<u>237</u>	<u>10</u>	<u>97</u>	<u>1,182</u>
Total	329	423	387	295	1,371

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	2,767,779	2,584	3,040,765	3,863
2022	2,865,012	2,643	3,207,162	3,931
2023	2,666,433	2,676	3,040,765	1,326

Source: California Department Tax and Fee Administration.

CITY OF MORENO VALLEY
Retail Sales (Dollars in Thousands)

<i>Type of Business</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Auto Dealers	\$ 341,773	\$ 374,779	\$ 498,784	\$ 524,464	\$ 472,020
Home Furnishing	50,213	56,631	71,011	63,887	52,733
Building Materials	144,205	202,136	198,362	189,717	187,257
Food Stores	144,879	145,295	160,495	174,518	161,753
Service Stations	197,059	155,769	241,649	278,061	245,088
Apparel Stores	127,678	93,146	151,392	138,558	132,708
General Merchandise Stores	304,554	294,182	357,361	376,288	349,159
Eating/Drinking Places	287,618	268,659	336,447	364,886	399,652
Other Retail Stores	<u>68,705</u>	<u>69,242</u>	<u>752,274</u>	<u>754,628</u>	<u>666,057</u>
Retail Stores Totals	\$ 1,666,684	\$ 1,659,839	\$ 2,767,779	\$ 2,865,012	\$ 2,666,433
All Other Outlets	<u>189,416</u>	<u>223,054</u>	<u>279,971</u>	<u>342,150</u>	<u>374,332</u>
Total All Outlets	<u>\$ 1,856,100</u>	<u>\$ 1,882,893</u>	<u>\$ 3,047,751</u>	<u>\$ 3,207,162</u>	<u>\$ 3,040,765</u>

Source: California Department Tax and Fee Administration.

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>
2019	64,063	\$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,195
2022	66,738	62,117,152
2023	68,670	61,094,593

Source: California Department Tax and Fee Administration.

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>
2019	\$4,085,746	\$104,794,676	\$2,632,279,775	\$18,542,262,000
2020	4,500,668	116,939,915	2,767,521,400	19,609,985,000
2021	4,490,722	126,261,006	3,013,676,900	21,392,812,000
2022	5,301,976	127,195,983	3,006,647,300	21,820,249,000
2023	5,969,563	-- ⁽¹⁾	3,133,678,900	22,952,028,000

⁽¹⁾ 2023 figures not yet available for County of Riverside

Note: Dollars in Thousands.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2023 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	48,265	70,061	56,533
2021	21,443	51,468	76,991	59,110
2022	25,319	51,415	77,036	56,419
2023	28,660	--(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) 2023 figures not yet available for County of Riverside, State of California and the United States.

Source: U.S. Department of Commerce, Bureau of Economic Analysis and City of Moreno Valley Fiscal Year Ending June 30, 2023 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 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 B

SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Indenture, the Ground Lease, the Lease Agreement and the Assignment Agreement. This summary is not intended to be definitive, and Owners of the Series 2024A Bonds should refer to the documents for the complete text thereof. Copies of the documents summarized herein are available from the City.

THE INDENTURE

DEFINITIONS; EQUAL SECURITY

Definitions

Unless the context otherwise requires, the terms defined in the Indenture shall for all purposes of the Indenture and of any amendment of the Indenture or supplement thereto and of the Bonds and of any certificate, opinion, request or other document mentioned in the Indenture or in the Bonds have the meanings defined in the Indenture, such definitions to be equally applicable to both the singular and plural forms of any of the terms defined in the Indenture. Capitalized terms not otherwise defined in the Indenture shall have the meanings assigned to such terms in the Lease Agreement.

“**Act**” means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

“**Additional Bonds**” means Bonds other than the Series 2024A Bonds issued under the Indenture in accordance with the provisions of the Indenture.

“**Additional Rental Payments**” means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

“**Assignment Agreement**” means the Assignment Agreement, dated as of August 1, 2024, by and between the Authority and the Trustee.

“**Authority**” means the Moreno Valley Public Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

“**Authorized Authority Representative**” means the Chair, the Vice Chair, the Executive Director, the Treasurer or the Secretary of the Authority, or any other person authorized by the Authority Board to act on behalf of the Authority under or with respect to this Indenture.

“**Authorized City Representative**” means the Mayor, the Mayor Pro Tem, the City Manager, the Chief Financial Officer, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to this Indenture.

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

“**Base Rental Payment Fund**” means the fund by that name established in accordance with the Indenture.

“**Base Rental Payments**” means all amounts payable to the Authority by the City as Base Rental Payments pursuant to the Lease Agreement.

“**Beneficial Owner**” means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person’s subrogee.

“**Bond Insurer**” means, with respect to the Series 2024A Bonds, the Series 2024A Insurer, and with respect to any Series of Additional Bonds, an issuer or issuers of a policy or policies of municipal bond insurance obtained by the Authority to insure the payment of principal of or interest on a Series of Additional Bonds when due, and which, in fact, are at any time insuring such Series of Additional Bonds.

“**Bonds**” means the Series 2024A Bonds and any Additional Bonds issued under the Indenture.

“**Book-Entry Bonds**” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“**Business Day**” means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions or trust companies in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including regulation or executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“**Cede & Co.**” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“**City**” means the City of Moreno Valley, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“**Claim**” has the meaning given to such term in the Indenture.

“**Closing Date**” means August 6, 2024.

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

“**Continuing Disclosure Certificate**” means the Continuing Disclosure Certificate executed by the City in connection with the issuance of a Series of Bonds, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Costs of Issuance**” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds, the Escrow Agreement and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel, fees and expenses of the municipal advisor, the initial fees and expenses of the Trustee and its counsel and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

“**Costs of Issuance Fund**” means the fund by that name established in accordance with the Indenture.

“**Credit Facility**” shall have the meaning given to such term in the Indenture.

“**DTC**” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

“**Federal Securities**” means (1) cash, (2) non-callable direct obligations of the United States of America, (3) securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, or (4) such securities as otherwise maybe authorized under State law.

“**Fitch**” means Fitch Ratings, Inc., New York, New York, or its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“**Ground Lease**” means the Ground Lease, dated as of August 1, 2024, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“**Indenture**” means the Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“**Information Services**” means Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“**Insolvency Proceeding**” has the meaning given to such term in the Indenture.

“**Insured Series 2024A Bonds**” means the Series 2024A Bonds maturing on November 1 in the years 2028 through 2035, inclusive.

“**Insurer Advances**” has the meaning given to such term in the Indenture.

“**Insurer Reimbursement Amounts**” has the meaning given to such term in the Indenture.

“**Insurer’s Fiscal Agent**” has the meaning given to such term in the Indenture.

“**Interest Fund**” means the fund by that name established in accordance with the Indenture.

“**Interest Payment Date**” means May 1 and November 1 of each year, commencing on November 1, 2024.

“**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 2024A Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

“**Lease Agreement**” means the Lease Agreement, dated as of August 1, 2024, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

“**Moody’s**” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, or its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Costa Mesa, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or the agency of the Trustee at which, at any particular time, its corporate trust agency shall be conducted as specified to the Authority and the City by the Trustee in writing.

“Opinion of Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture; and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in DTC’s book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” means the original underwriter or underwriters of a Series of Bonds required to comply with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, in connection with the offering of such Series of Bonds.

“Payment Date” has the meaning given to such term in the Indenture.

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a 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 government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

- U.S. Treasury obligations
- All direct or fully guaranteed obligations
- Farmers Home Administration

- Certificates of beneficial ownership
- General Services Administration
 - Participation certificates
- U.S. Maritime Administration
 - Guaranteed Title XI financing
- Small Business Administration
 - Guaranteed participation certificates
 - Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
 - GNMA-guaranteed mortgage-backed securities
 - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
 - Local authority bonds
- Washington Metropolitan Area Transit Authority
 - Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

- Federal Home Loan Mortgage Corporation (FHLMC)
 - Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
 - Senior debt obligations
- Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
 - Consolidated systemwide bonds and notes
- Federal Home Loan Banks (FHL Banks)
 - Consolidated debt obligations
- Federal National Mortgage Association (FNMA)
 - Senior debt obligations
 - Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
- Financing Corporation (FICO)
 - Debt obligations
- Resolution Funding Corporation (REFCORP)
 - Debt obligations
- Federal Agricultural Mortgage Corporation (Farmer Mac)
 - Debt obligations

(4) Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least \$5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, “A-1” or better by S&P or “Prime-1” by Moody’s.

(7) Money market mutual funds rated “AAM” or “AAM-G” by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

(8) Investments in repurchase agreements which comply with the requirements of California Government Code Section 53601(j) pursuant to which the seller will repurchase the securities on or before a specified date and for a specified amount and will deliver the underlying securities to the Trustee by book entry, physical delivery, or by third party custodial agreement. The term “securities,” for the purpose of repurchase agreements, means securities of the same issuer, description, issue date and maturity.

Repurchase agreements are required to be collateralized by securities or cash authorized under California Government Code Section 53601(j)(2) as described below:

(a) To anticipate market changes and provide a level of security for all repurchase agreement transactions, the market value of securities that underlie a repurchase agreement shall be valued at 102% or greater for U.S. securities listed in paragraph (1) above and 105% for U.S. Government Agency securities listed in paragraph (3) above, of the funds borrowed against those securities and the value shall be adjusted no less frequently than weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% or 105%, as applicable, no later than the next business day.

(b) Collateral will be limited to U.S. Treasury securities listed in paragraph (1) above and U.S. Government Agency securities listed in paragraph (3) above. Collateral will be held by an independent third party with whom the Trustee has a current custodial agreement. A clearly marked evidence of ownership (safekeeping/custody receipt) must be supplied to the Trustee and retained. The Trustee retains the right to substitute or grant substitutions of collateral.

(9) State Obligations:

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated “A2” by Moody’s or “A” by S&P or Fitch, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated “A-1+” by S&P or “F1+” by Fitch or “Prime-1” by Moody’s.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated “AA” or better by S&P or Fitch or “Aa” or better by Moody’s.

(10) Local Agency Investment Fund of the State of California.

(11) Any investment agreement with a domestic or foreign bank or insurance company whose senior long-term debt obligations, deposit rating or claims-paying ability are rated, or guaranteed by an entity whose obligations are rated (at the time the investment is entered into) at least “A+” by S&P, “A1” by

Moody's" or "A+" by Fitch; provided, that prior written notice of an investment in the investment agreement is provided to S&P, and provided, further by the terms of the investment agreement:

(a) interest payments are to be made to the Trustee at times and in amounts as necessary to pay debt service on the Bonds;

(b) the invested funds are available for withdrawal without penalty or premium, at any time for purposes identified in the Indenture other than acquisition of alternative investment property upon not more than seven days prior notice (which notice may be amended or withdrawn at any time prior to the specified withdrawal date); provided that the Indenture specifically requires the Trustee or the City to give notice in accordance with the terms of the investment agreement so as to receive funds thereunder with no penalty or premium paid;

(c) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof;

(d) a guaranteed rate of interest is to be paid on invested funds and all future deposits, if any, required to be made to restore the amount of such funds to the level specified under the Indenture;

(e) the Trustee and the City receive the opinion of domestic counsel (which opinion shall be addressed to the City) that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(f) The investment agreement shall provide that if during the term thereof, the provider's rating by any two of the following rating agencies, S&P, Moody's, or Fitch, is withdrawn or suspended or falls below "A-" by S&P, "A3" by Moody's, or "A-" by Fitch, the provider must at the direction of the City within ten (10) days of receipt of such downgrade, (i) deliver and grant, or cause to be delivered and granted, to a third party custodian a first priority security interest under the applicable Uniform Commercial Code, or other applicable law, in and to Permitted Collateral; or (ii) transfer the investment agreement and the rights and obligations of the provider thereunder to an entity reasonably satisfactory to the City and the Trustee whose long-term, senior unsecured debt obligations or claims-paying ability, or whose guarantor's long term, senior unsecured debt obligations or claims-paying ability are rated at not less than "A-" by S&P, "A3" by Moody's or "A-" by Fitch or its equivalent from another Rating Agency; or (iii) repay the principal of and accrued by unpaid interest on the investment with no penalty or premium to the City and the Trustee;

(g) the investment agreement shall state, and an opinion of counsel shall be rendered to the effect, that the Trustee has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Trustee is in possession); and

(h) the investment agreement must provide that if during its term (A) the provider shall default in its payment obligations, the provider's obligation under the investment agreement shall, at the direction of the City or the Trustee, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate, and (B) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc. ("event of insolvency"), the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to the City or Trustee, as appropriate.

(12) Pre-refunded municipal obligations rated "AAA" by S&P or Fitch or "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

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

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

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

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

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

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

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

“**Policy Costs**” has the meaning given to such term in the Indenture.

“**Policy Payments Account**” has the meaning given to such term in the Indenture.

“**Principal Fund**” means the fund by that name established in accordance with the Indenture.

“**Project**” means the acquisition, construction and/or installation of such capital facilities that may be financed from proceeds of Additional Bonds as set forth in a Supplemental Indenture.

“**Property**” has the meaning ascribed thereto in the Lease Agreement.

“**Rating Agency**” means Fitch, Moody’s and S& P, or any one of such entities, as the context requires.

“**Rebate Fund**” means the fund by that name established in accordance with the Indenture.

“**Rebate Requirement**” has the meaning ascribed thereto in the Tax Certificate.

“**Record Date**” means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

“**Redemption Fund**” means the fund by that name established in accordance with the Indenture.

“**Redemption Price**” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

“**Registration Books**” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

“**Related Documents**” has the meaning given to such term in the Indenture.

“**Rental Payments**” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“**Rental Period**” means the period from the Closing Date through November 1, 2024 and, thereafter, the twelve-month period commencing on November 2 of each year during the term of the Lease Agreement.

“**Representation Letter**” means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“**Reserve Fund**” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“**Reserve Fund Requirement**” means, with respect to the Series 2024A Bonds, an amount equal to 2,441,250 and with respect to any Additional Bonds, such amounts as shall be determined in accordance with the Supplemental Indenture pursuant to which such Additional Bonds are issued, which amount may be zero dollars.

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

“**Securities Depositories**” means The Depository Trust Company, New York, New York 10041-0099, Fax-(212) 855-7232; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

“**Series**” means all of the Series 2024A Bonds or the Additional Bonds issued and designated under a Supplemental Indenture 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 Indenture.

“**Series 2024A Bonds**” means the Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2024A issued hereunder.

“**Series 2024A Insurance Policy**” means the insurance policy issued by the Series 2024A Insurer guaranteeing the scheduled payment of principal of and interest on the Insured Series 2024A Bonds when due.

“**Series 2024A Insurer**” means Assured Guaranty Municipal Corp., or any successor thereto or assignee thereof.

“**Series 2024A Reserve Policy**” means the municipal bond debt service reserve insurance policy issued by the Series 2024A Insurer and deposited in the Series 2024A Bonds Account of the Reserve Fund to the Reserve Fund Requirement for the Series 2024A Bonds.

“**Supplemental Indenture**” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“**Tax Certificate**” means the Tax Certificate executed by the Authority and the City at the time of issuance of a Series of Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Trustee**” means Wilmington Trust, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee under the Indenture, appointed as provided in the Indenture.

“**Verification**” has the meaning given to such term in the Indenture.

“**Written Certificate of the Authority**” and “**Written Request of the Authority**” mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument

“**Written Certificate of the City**” and “**Written Request of the City**” mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need, not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

Equal Security

In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture shall be deemed to be and shall constitute a contract among the Authority, the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered under the Indenture and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered under the Indenture, subject to the agreements, conditions, covenants and provisions contained in the Indenture; and all agreements and covenants set forth in the Indenture to be performed by or on behalf of the Authority or the City shall be for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided in the Indenture or in the Bonds.

THE BONDS

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred upon the Registration Books 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 written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Bond Owner

requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Prior to any transfer of Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall 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 Section 6045 of the Code. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Registration Books

The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Execution of Bonds

The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of an Authorized Officer of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers of the Authority before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Authentication of Bonds

Only such of the Bonds as shall bear thereon a certificate of authentication substantially in the form as that set forth in Exhibit A to the Indenture, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered under the Indenture and are entitled to the benefits of the Indenture.

Temporary Bonds

The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of

such authorized denominations as may be determined by the Authority, shall be in fully registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered under the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen

If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series 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 shall be canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of the Indenture in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Book-Entry Bonds

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2024A Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in the Indenture, the registered Owner of all of the Book-Entry Bonds shall be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in the Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority shall be affected by any notice to the contrary. Neither the Trustee nor the Authority shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-

Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of the Indenture, no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. 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 Cede & Co., and subject to the provisions in the Indenture with respect to record dates, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Authority determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of the Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Authority shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in the Indenture. All such Bonds of such Series shall be in fully registered form in Authorized Denominations.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to the Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Issuance of Series 2024A Bonds

The Authority may, at any time, execute the Series 2024A Bonds for issuance under the Indenture and deliver the same to the Trustee. The Trustee shall authenticate the Series 2024A Bonds and deliver the Series 2024A Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Costs of Issuance Fund

The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund.” On the Closing Date, there shall be deposited in the Costs of Issuance Fund the amount specified in the Indenture. There shall additionally be deposited in the Cost of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Authority stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Authority shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. On the date that is six months after the Closing Date, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Project Fund.

Conditions for the Issuance of Additional Bonds

The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2024A Bonds) payable from Base Rental Payments as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds shall have been authorized under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

- (1) The application of the proceeds of the sale of such Additional Bonds;
- (2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;
- (3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on November 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on November 1, (ii) the Additional Bonds shall be payable as to interest semiannually on May 1 and November 1 of each year, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;
- (4) The redemption premiums and terms, if any, for such Additional Bonds;
- (5) The form of such Additional Bonds;
- (6) If an account of the Reserve Fund is to be funded for such Additional Bonds, that from such proceeds or other sources an amount shall be deposited in the Reserve Fund so that following

such deposit there shall be on deposit in the Reserve Fund an amount at least equal to the Reserve Fund Requirement; and

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(b) The Authority shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City shall be in compliance with all agreements, conditions, covenants and terms contained in the Indenture, in the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease and the Lease Agreement shall have been amended, to the extent necessary, (i) 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, payable at such times and in such manner as may be necessary to provide for the payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment shall 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 Rental Payments, in any Rental Period shall be 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 (evidence of the satisfaction of such condition shall be made by a Written Certificate of the City); and (ii) to include provisions for the prepayment of Base Rental Payments attributable to such Additional Bonds.

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth in the Indenture, no such issuance may occur if (1) an event of default (within the meaning of the Lease Agreement) (or any event which, once all notice or grace periods have passed, would constitute such event of default) exists unless such event of default shall be cured upon such execution or issuance or (2) the Reserve Fund is not fully funded at the Reserve Fund Requirement (including the Reserve Fund Requirement for the proposed issue, if any) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Series 2024A Bond Insurer.

Nothing contained in the Indenture shall limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Procedure for the Issuance of Additional Bonds

At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Authority for issuance under the Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by the Indenture and the amendment to the Ground Lease, if any, required by the Indenture, together with satisfactory evidence that provision has been made for such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, to be recorded in the official records of the appropriate county;

(b) a Written Request of the Authority as to the delivery of such Additional Bonds;

(c) an opinion of Bond Counsel substantially to the effect that (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by the Indenture) and the Ground Lease (including any amendment thereto required by the Indenture) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided in the Indenture and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California);

(d) a Written Certificate of the Authority that the requirements of the Indenture with respect to the issuance of the Additional Bonds have been met;

(e) a Written Certificate of the City that the requirements of the Indenture and the Lease Agreement with respect to the issuance of the Additional Bonds have been met, and a Written Certificate of the City as to the annual fair rental value of the Property, after giving effect to the issuance of the Additional Bonds, and to the use of proceeds received therefrom; and

(f) Such further documents as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds

So long as any of the Bonds remain Outstanding, the Authority shall not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to the Indenture.

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Pledge; Special Obligations

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund, the Reserve Fund and the Redemption Fund are pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge shall constitute a first lien on such assets.

All obligations of the Authority under the Indenture shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture; provided, however, that all obligations of the Authority under the Bonds shall be special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power.

Flow of Funds

(a) The Trustee shall establish and maintain separate funds designated the "Base Rental Payment Fund," the "Interest Fund," the "Principal Fund," the "Redemption Fund" and the "Reserve Fund."

All Base Rental Payments shall be paid directly by the City to the Trustee, and if received by the Authority at any time shall be transferred by the Authority with the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee shall be deposited by the Trustee in the Base Rental Payment Fund.

(b) The Trustee shall transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Indenture, to the following respective funds:

(i) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Base Rental Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date.

(ii) Principal Fund. On the Business Day immediately preceding each November 1, commencing November 1, 2024, the Trustee shall transfer from the Base Rental Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such November 1, either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund shall be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(iii) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, shall deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein from Net Insurance Proceeds or proceeds of title insurance pursuant to the Indenture or eminent domain proceeds pursuant to the Lease Agreement. Moneys in the Redemption Fund shall be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2024A Bonds optionally redeemed or subject to extraordinary redemption from Net Insurance Proceeds pursuant to the provisions of the Indenture and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(iv) Reserve Fund. All amounts on deposit in the Base Rental Payment Fund on November 2, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be transferred to the Reserve Fund, to the extent necessary to satisfy the Reserve Fund Requirement, to the extent such amounts are due and payable.

(v) Insurer Reimbursement Amounts. The Authority shall from the remaining moneys in the Base Rental Payment Fund pay Insurer Reimbursement Amounts (as defined in the Indenture) to the Insurer not payable from the Interest Fund or Principal Fund, to the extent such amounts are due and payable.

Application of Net Insurance Proceeds

If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of the Indenture, the City shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a

special fund entitled the “Insurance and Condemnation Fund” and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Each such Written Request of the City shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

If the damage, destruction or loss was such that there resulted in a substantial interference with the City’s right to the use or occupancy of the Property and an abatement of Rental Payments results from such damage or destruction pursuant to the Lease Agreement, then the City shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the extraordinary redemption of Bonds, as set forth in the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued, in full of all the Outstanding Bonds or all of those Outstanding Bonds which would have been payable from that portion of the Base Rental Payments which are abated as a result of the damage or destruction. Funds to be applied to the redemption of Bonds in accordance with clause (b) above shall be deposited in the Redemption Fund. If the City is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

The proceeds of any award in eminent domain received in respect to the Property shall be deposited by the Trustee in the Redemption Fund and applied to the extraordinary redemption of Bonds pursuant to the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Title Insurance

Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, upon Written Request of the City, such proceeds shall be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then, upon Written Request of the City, the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the

extraordinary redemption of Bonds in the manner provided in the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Reserve Fund

(a) The Authority agrees in the Indenture to establish a separate fund titled the “Reserve Fund” and within the Reserve Fund, the “Series 2024A Bonds Account,” which shall be held and maintained by the Trustee. The Trustee shall deposit into the Reserve Fund or accounts therein, any amounts transferred from the Base Rental Fund pursuant to the Indenture. The Trustee shall establish additional accounts in the Reserve Fund in connection with the issuance of Additional Bonds, if any, to the extent required by the Supplemental Indenture providing for the issuance of such Additional Bonds. All moneys in the Reserve Fund and accounts therein shall be used and withdrawn by the Trustee solely for the purpose of funding the Interest Fund or the Principal Fund, in that order, in the event of any deficiency in either of such accounts on an Interest Payment Date. The Trustee shall initially deposit the Series 2024A Reserve Policy into the Series 2024A Bonds Account in satisfaction of the Reserve Fund Requirement for the Series 2024A Bonds. The prior written consent of the Series 2024A Insurer shall be a condition precedent to the deposit of any credit instrument provided in lieu of a cash deposit into the Series 2024A Bonds Account of the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2024A Bonds Account of the Reserve Fund shall be applied solely to the payment of debt service due on the Series 2024A Bonds.

(b) The Trustee shall ascertain the necessity for a claim upon the Series 2024A Reserve Policy in accordance with the provisions of the Indenture and to provide notice to the Series 2024A Insurer in accordance with the terms of the Series 2024A Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2024A Bonds. Where deposits are required to be made by the Authority with the Trustee to the Revenue Fund for the Series 2024A Bonds more often than semi-annually, the Trustee shall be instructed to give notice to the Series 2024A Insurer of any failure of the Authority to make timely payment in full of such deposits within two Business Days of the date due.

(c) So long as any Series 2024A Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Reserve Policy (or any amounts are owed to the Series 2024A Insurer), the following provisions govern the Series 2024A Bonds Account of the Reserve Fund, notwithstanding anything to the contrary set forth in the Indenture or individually in the appropriate sections:

(i) Upon any payment by the Series 2024A Insurer under the Series 2024A Reserve Policy, the Series 2024A Insurer shall furnish to the Authority and the City written instructions as to the manner in which payment of amounts owed to the Series 2024A Insurer as a result of such payment under the Series 2024A Reserve Policy shall be made. Amounts drawn under the Series 2024A Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Series 2024A Bonds.

(ii) The Authority shall repay, or shall cause the City to repay, any draws under the Series 2024A Reserve Policy and pay all related reasonable expenses incurred by the Series 2024A Insurer and shall pay interest thereon from the date of payment by the Series 2024A Insurer (subject to abatement as set forth in the Lease Agreement) at the Late Payment Rate. If the interest provisions described in this paragraph (ii) shall result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created in the Indenture, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party to the Indenture, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due under the Indenture for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Series 2024A Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the Series 2024A Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event

shall any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

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

Amounts in respect of Policy Costs paid to the Series 2024A Insurer shall be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Series 2024A Insurer on account of principal due, the coverage under the Series 2024A Reserve Policy will be increased by a like amount, subject to the terms of the Series 2024A Reserve Policy. The obligation to pay Policy Costs shall be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2024A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Reserve Fund not allocable to a particular Series or Bonds shall be transferred to the Revenue Fund for payment of debt service on Series 2024A Bonds before any drawing may be made on the Series 2024A 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 shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2024A Reserve Policy) on which there is available coverage shall be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities shall be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2024A Account of 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.

(iii) If the Authority or the City shall fail to pay any Policy Costs in accordance with the requirements described in subparagraph (b) above, the Series 2024A Insurer shall be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than: (i) acceleration of the maturity of the Series 2024A Bonds; or (ii) remedies which would adversely affect owners of the Bonds.

(iv) The Indenture shall not be discharged until all Policy Costs owing to the Series 2024A Insurer shall have been paid in full. The Authority's obligation to pay such amounts shall expressly survive payment in full of the Series 2024A Bonds.

(v) The Authority and the City shall include any Policy Costs then due and owing the Series 2024A Insurer in the calculation of any applicable additional bonds test as set forth in the Indenture.

(vi) In order to secure the Authority's and the City's payment obligations with respect to the Policy Costs, there is granted and perfected in favor of the Series 2024A Insurer a security interest (subject only to the priority of payment provisions set forth under the Indenture) in all revenues and collateral pledged as security for the Series 2024A Bonds.

(vii) The Authority shall pay or reimburse, or cause the City to pay or reimburse, the Series 2024A Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Series 2024A Insurer 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 Series 2024A Reserve Policy; (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, the Ground Lease and the Lease Agreement (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 Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents; (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition; (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Series 2024A Reserve Policy or any other Related Document whether or not executed or completed; or (v) any action taken by the Series 2024A Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Series 2024A Insurer spent in connection with the actions described in clauses (ii) through (v) above. The Series 2024A Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Authority and the City under the foregoing shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Series 2024A Insurer until the date that the Series 2024A Insurer is paid in full.

(viii) The obligation of the Authority and the City to pay all amounts due under the Series 2024A Reserve Policy shall be an absolute and unconditional obligation of each and will be paid or performed strictly in accordance with the Indenture, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2024A Bonds, the Indenture or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the Series 2024A Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2024A Bonds, the Indenture or any other Related Documents; (iv) whether or not such Series 2024A 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 Series 2024A Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Authority or the City may have at any time against the Trustee or any other person or entity other than the Series 2024A Insurer, whether in connection with the Indenture, the transactions contemplated in the Indenture, or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Series 2024A Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Series 2024A Insurer under the Series 2024A Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Series 2024A Reserve Policy.

(d) On the final maturity date for the Bonds, amounts in the Reserve Fund shall be transferred to the Interest Fund and the Principal Fund to make the final payment on the Bonds, and the amount transferred shall be deemed to be a credit against the remaining Base Rental Payments to be made by the City under the Lease Agreement.

Rebate Fund

(a) The Trustee shall establish and maintain a special fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to the Indenture or anything to the contrary contained in the Indenture, all amounts required to be deposited

into or on deposit in the Rebate Fund shall be governed exclusively by the section of the Indenture described under this caption “Rebate Fund” and by the Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Authority’s determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority’s calculations.

(b) Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in the section of the Indenture described under this caption “Rebate Fund,” shall be withdrawn by the Trustee and remitted to the Authority.

Investment of Moneys

Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority filed with the Trustee at least two Business Days in advance of the making of such investments. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date. Absent timely written direction from the Authority, the Trustee shall hold any funds held by it uninvested. The Trustee may conclusively rely upon the Authority’s written instructions as to both the suitability and legality of the directed investments and such written direction shall be deemed to be a certification that such directed investments constitute Permitted Investments. The parties acknowledge that the Trustee is not providing supervision, recommendations, or advice.

Subject to the provisions of the Indenture described above under the caption “Rebate Fund,” all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture shall be retained therein.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture shall be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund shall be valued by the Trustee at the cost thereof.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

The Trustee may make any investments under the Indenture through the bond or investment department or trust investment department of the entity acting as Trustee under the Indenture, or those of such entity’s parent or any affiliate, and such entity, or its parent or affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee under the Indenture, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture and such entity, or its affiliate, as applicable, shall be entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City acknowledge that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City specifically waive receipt of such confirmations to the extent permitted by law.

The Trustee shall furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Trustee or brokers selected by the City. Upon the City's election, such statements will be delivered via the Trustee's online service and upon electing such service, paper statements will be provided only upon request. The City waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, which brokerage confirmations are at no additional cost, to the extent permitted by law. The City and the Authority further understand that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

COVENANTS

Compliance with Agreements

The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions of the Indenture, and the Authority and the City will not suffer or permit any default by them to occur under the Indenture, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms of the Indenture required to be complied with, kept, observed and performed by them.

Compliance with Ground Lease and Lease Agreement

The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations

The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or hereafter acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens

The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements

and covenants contained in the Indenture, or from its liability under the Indenture and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City shall create or suffer to be created any pledge of or lien the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien of the Indenture.

The Authority, the City and the Trustee shall not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Prosecution and Defense of Suits

The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or hereafter developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements

The Trustee will keep proper accounting records in which complete and correct entries shall be made of all transactions relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records shall be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Recordation and Filing

The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Tax Covenants

(a) Neither the Authority nor the City will take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on any tax-exempt Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the City will comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of the section of the Indenture described under this caption "Tax Covenants" it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under the Indenture, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of the section of the Indenture described under this caption "Tax Covenants," if the Authority shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under the section of the Indenture described under this caption "Tax Covenants" is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the such requirements of the Indenture and of the Tax Certificate, and such covenants shall be deemed to be modified to that extent.

Continuing Disclosure

The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an event of default under the Indenture; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, shall) or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances

Whenever and so often as requested to do so by the Trustee, the Authority and the City 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 Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it by the Indenture or by the Assignment Agreement, the Ground Lease or the Lease Agreement.

DEFAULT AND LIMITATIONS OF LIABILITY

Action on Default

If an event of default (within the meaning of the Lease Agreement) shall happen, then such event of default shall constitute an event of default under the Indenture. The Trustee shall give notice, as assignee of the Authority, of an event of default under the Lease Agreement to the City. In each and every case during the continuance of an event of default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, and upon being indemnified to its reasonable satisfaction therefor, shall, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture 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 Indenture.

Other Remedies of the Trustee

Subject to the provisions of the Indenture, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants contained in the Indenture required to be performed by it or him or her;

(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 event of default under the Indenture to require the Authority and the City to account as the trustee of an express trust.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Notwithstanding any provision of the Indenture to the contrary, no event of default under the Indenture or under the Lease by the Authority or the City shall result in the acceleration of debt service on the Bonds under the Indenture.

Non-Waiver

A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall 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 Trustee by law or by the Indenture may be enforced and exercised from time to time and as often the Trustee shall deem expedient.

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

Remedies Not Exclusive

Subject to the provisions of the Indenture, no remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Authority to the Owners

Except as expressly provided in the Indenture, the Authority shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or in the Indenture, or with respect to the performance by the Trustee of any right or obligation contained in the Indenture required to be performed by it.

No Liability by the City to the Owners

Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or in the Indenture, the City shall not have any obligation or liability to the Owners with respect to the Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation contained in the Indenture required to be performed by it.

No Liability of the Trustee to the Owners

Except as expressly provided in the Indenture, the Trustee shall not have any obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or in the Indenture.

Application of Amounts After Default

All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Lease Agreement, shall be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held under the Indenture (except funds in the Rebate Fund):

- (a) to the payment of all amounts due the Trustee under the Indenture;
- (b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and
- (c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Trustee May Enforce Claims Without Possession of Bonds

All rights of action and claims under the Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Limitation on Suits

No Owner of any Bond shall have any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or Trustee, or for any other remedy under the Indenture, unless (a) such Owner shall have previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture, (c) such Owner or Owners shall have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceedings, and (e) no direction inconsistent with such written request shall have been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners shall have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to

obtain priority or preference over any other Owner or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all the Owners.

Series 2024A Insurer Rights

So long as any Insured Series 2024A Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy, or any amounts are owed to the Series 2024A Insurer:

(a) the Series 2024A Insurer shall be deemed to be the sole holder of the Insured Series 2024A 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 2024A Bonds are entitled to take pursuant to the Indenture pertaining to: (i) waivers, defaults and remedies; and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2024A Bond, the Trustee and each Owner of an Insured Series 2024A Bond appoint the 2024A Insurer as their agent and attorney-in-fact and agree that the 2024A Insurer 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 (each, 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 Owner of an Insured Series 2024A Bond delegate and assign to the Series 2024A Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of an Insured Series 2024A Bond 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. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Insured Series 2024A Bonds for the Series 2024A Insurer’s benefit and agrees to cooperate with the Series 2024A Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owner shall expressly include mandamus.

(b) No grace period for a covenant default shall exceed 30 days or be extended for more than 60 days, without the prior written consent of the Series 2024A Insurer. No grace period shall be permitted for payment defaults.

(c) The rights granted to the Series 2024A Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Series 2024A Insurer in consideration of its issuance of the Series 2024A Insurance Policy. Any exercise by the Series 2024A Insurer of such rights is merely an exercise of the Series 2024A Insurer’s contractual rights and shall not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of Insured Series 2024A Bonds and such action does not evidence any position of the Series 2024A Insurer, affirmative or negative, as to whether the consent of the Owners of Insured Series 2024A Bonds or any other person is required in addition to the consent of the Series 2024A Insurer.

THE TRUSTEE

Employment of the Trustee

The Authority appoints and employs the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained in the Indenture, all in the manner provided in the Indenture and subject to the conditions and terms of the Indenture. By executing and delivering the Indenture, the Trustee accepts the appointment and employment referred to in the Indenture and accepts the rights and obligations of the Trustee provided in the Indenture, subject to the conditions and terms of the Indenture. Other than when an event of default has occurred and is continuing, the

Trustee undertakes to perform such duties and only such duties as are specifically and expressly set forth in the Indenture. These obligations shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such obligations, and no implied covenants or obligations shall be read into the Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

Duties, Removal and Resignation of the Trustee

The Authority may, by an instrument in writing, remove the Trustee initially a party to the Indenture with 30-days' prior notice and any successor thereto unless an event of default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a banking corporation or association or trust company having (or if such banking corporation or association or trust company is a member of a bank holding company, its bank holding company has) a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by federal or state authorities. If such banking corporation or association 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 the combined capital and surplus of such banking corporation, association or trust company shall 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 the City and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of this Section, ipso facto, shall be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

Compensation of the Trustee

The City shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Indenture and any related document or transaction contemplated thereunder and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) thereunder, including, but not limited to, advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, attorneys, consultants or other experts employed or retained by it in the exercise and performance of its rights and obligations thereunder.

The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims, losses, fees or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Indenture, under the Lease Agreement, or in connection with any document or transaction contemplated thereunder, including the enforcement of any remedies and the defense of any suit or proceeding at law or in equity, and any other expenses, fees or charges of any character or nature, (including, without limitation, attorneys' fees and expenses and the costs of enforcement of the Indenture or any provision thereof), and which are not due to its negligence or willful misconduct. The duty of the City to compensate and indemnify the Trustee shall survive the payment in full of the Bonds, the termination and discharge of the Indenture, and the earlier removal or resignation of the Trustee.

No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers thereunder.

Upon an event of default, and only upon an event of default, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an event of default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Protection of the Trustee

The Trustee shall be protected and shall incur no liability in acting or proceeding upon any affidavit, bond, certificate, consent, notice, request, order, judgment, decree, requisition, resolution, statement, telegram, voucher, waiver, other evidence of indebtedness or other paper or document which it shall reasonably believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any of the foregoing, but may accept and rely upon the same as conclusive evidence not only as to due execution, validity and effectiveness, but also of the truth and accuracy of any information contained therein. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners of the Bonds pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity, satisfactory to the Trustee in its sole and absolute discretion, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it under the Indenture in good faith in accordance therewith.

In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be in the Indenture specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority (at the sole expense of the City and Authority), and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture 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 deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture, The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee under the Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it under the Indenture by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations under the Indenture, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall in a commercially reasonable manner pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers under the Indenture or for anything whatsoever in connection with the funds established under the Indenture, except only for its own negligence or willful misconduct.

The Trustee shall not be deemed to have knowledge of an event of default under the Indenture, under the Lease Agreement, the Ground Lease or any related document, agreement or transaction unless a responsible officer of the Trustee has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability under the Indenture and its rights to payment of its fees and expenses shall survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted in the Indenture to the Trustee shall extend to the directors, officers, employees, skilled professionals and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty, and the Trustee shall not be answerable for other than its negligence or willful misconduct. The Trustee shall have no responsibility or liability with respect to any information, statement, recital or content of any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Authority, the City, or any

of their directors, managers, members, officers, officials, agents, affiliates or employee, nor shall it have any liability in connection with the malfeasance or nonfeasance by such party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person. The Trustee shall not be accountable for the use or application by the City or the Authority of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture or for the use and application of money received by any paying agent.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under the Indenture and the Lease Agreement.

The Trustee shall be entitled to request and receive written instructions from the Authority or the City and shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken in accordance therewith. The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to the Indenture and delivered using Electronic Means (“Electronic Means” shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture); provided, however, that the Authority and City shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Authority and City whenever a person is to be added or deleted from the listing. If the Authority and City elect to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Authority and City understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Authority and City shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority and City and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Authority and City. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority and City agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority and City; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; pandemics; quarantine restrictions; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

MODIFICATION OR AMENDMENTS

Modifications and Amendments Permitted.

The Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Base Rental Payments and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the City contained in the Indenture, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority or the City;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

(iii) to grant or confer upon the Owners of the Bonds any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners of the Bonds;

(iv) to add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Indenture other conditions, limitations and restrictions thereafter to be observed;

(v) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(vi) to modify, amend or supplement the Indenture in such manner as to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(vii) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(viii) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners under the Indenture.

Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

No Supplemental Indenture shall modify any of the rights or obligations of the Trustee without its prior written consent.

Notwithstanding the foregoing provisions of the Indenture, so long as any Insured Series 2024A Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy (or any amounts are owed to the Series 2024A Insurer), any amendment, supplement, modification to, or waiver of, the Indenture or any other Related Document that requires the consent of the Owners or adversely affects the rights and interests of the Series 2024A Insurer shall be subject to the prior written consent of the Series 2024A Insurer.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Authority shall consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Series 2024A Insurance Policy.

Effect of Supplemental Indenture

Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the City, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes. The City shall notify the rating agencies in accordance with the Indenture upon the execution of any Supplemental Indenture.

Endorsement of Bonds; Preparation of New Bonds

Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Authority so determines shall, bear a notation by endorsement or otherwise in form approved by the Authority as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds

The provisions of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Execution of Supplemental Indentures

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by the Indenture or the modification thereby of the trusts created by the Indenture, the Trustee shall be provided, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by the Indenture and complies with the terms of the Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

DEFEASANCE

Discharge of Indenture

If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture and therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Base Rental Payments and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the City all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Authority and the City shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City under the Indenture shall cease, terminate become void and be completely discharged as to such Bonds.

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

Bonds Deemed To Have Been Paid

If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have

been paid within the meaning and with the effect provided in the Indenture. Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Indenture, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient 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 premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give as soon as practicable, a notice to the Owners of such Bonds that the deposit described in clause (b) above has been made with the Trustee and that such Bonds, are deemed to have been paid in accordance with the Indenture and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

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 the Series 2024A Insurer, pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (5) subject to the prior written consent of the Series 2024A Insurer, securities eligible for “AAA” defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Series 2024A Bonds unless the Series 2024A Insurer otherwise approves.

To accomplish defeasance of the Insured Series 2024A Bonds, the Authority or the City shall cause to be delivered: (1) a report of an independent firm of nationally recognized certified public accountants or such other accountant as shall be acceptable to the Series 2024A Insurer verifying the sufficiency of the escrow established to pay the Insured Series 2024A Bonds in full on the maturity or redemption date (“Verification”); (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Series 2024A Insurer); (iii) an Opinion of Counsel to the effect that the Insured Series 2024A Bonds are no longer “Outstanding” under the Indenture; and (iv) a certificate of discharge of the Trustee with respect to the Insured Series 2024A Bonds; each Verification and defeasance opinion shall be acceptable in form and substance, and addressed, to the Authority, the Trustee and the Series 2024A Insurer. The Series 2024A Insurer shall be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. Insured Series 2024A Bonds shall be deemed “Outstanding” under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Amounts paid by the Series 2024A Insurer under the Series 2024A Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2024A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. Notwithstanding anything to the contrary set forth in the Indenture, the Indenture shall not be discharged unless all amounts due or to become due to the Series 2024A Insurer, including Policy Costs, have been paid in full or duly provided for, and the obligation to pay such amounts shall expressly survive payment in full of the Insured Series 2024A Bonds.

Payment of Bonds After Discharge of Indenture

Notwithstanding any provisions of the Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Authority (without liability for interest) free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

MISCELLANEOUS

Benefits of Indenture Limited to Parties

Nothing contained in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee, any Bond Insurer and the Owners any claim, remedy or right under or pursuant to the Indenture, and any agreement, condition, covenant or term required in the Indenture to be observed or performed by or on behalf of the Authority or the City shall be for the sole and exclusive benefit of the Trustee, any Bond Insurer and the Owners.

The Series 2024A Bond Insurer is a third-party beneficiary under the Indenture and may enforce any right, remedy or claim conferred upon, given or granted thereunder.

Successor Deemed Included in all References to Predecessor

Whenever the Authority, the City or the Trustee, or any officer thereof, is named or referred to in the Indenture, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City or the Trustee, or such officer, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners

Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner 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 take 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, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

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

Waiver of Personal Liability

Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the City shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture shall relieve any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or by the Indenture.

Destruction of Bonds

Whenever provision is made in the Indenture for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Funds and Accounts

Any fund or account required to be established and maintained in the Indenture 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 funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners; *provided, however*, that the Trustee shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Trustee or (ii) enable the Trustee to exercise and enforce its rights under the Indenture with respect to such pledge and security interest. In addition, the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of the Authority or the City in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest or the perfection and priority of any such security interest.

The Trustee may commingle any of the moneys held by it under the Indenture for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to the Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations under the Indenture.

Entire Agreement; Partial Invalidity

The Indenture and the exhibits thereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written. If any one or more of the agreements, conditions, covenants or terms required in the Indenture to be observed or performed by or on the part of the Authority, the City or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms of the Indenture and shall in no way affect the validity of the Indenture or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee declare that they would have executed the Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase of the Indenture and would have authorized the execution and delivery of the Bonds pursuant to the Indenture irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases of the Indenture or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Disqualified Bonds

In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority and the City shall specify in a certificate to the Trustee those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Money Held for Particular Bonds

The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Payment on Non-Business Days

In the event any payment is required to be made under the Indenture on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

California Law

The Indenture shall be construed and governed in accordance with the laws of the State of California.

Claims Upon the Series 2024A Insurance Policy and Payments by and to the Series 2024A Insurer

(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 Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2024A Bonds due on such Payment Date, the Trustee shall give notice to the Series 2024A Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or teletype 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 2024A Bonds due on such Payment Date, the Trustee shall make a claim under the Series 2024A Insurance Policy and give notice to the Series 2024A Insurer 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 2024A Bonds and the amount required to pay principal of the Insured Series 2024A Bonds, confirmed in writing to the Series 2024A Insurer 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 Series 2024A Insurance Policy.

(b) The Trustee shall designate any portion of payment of principal on Insured Series 2024A Bonds paid by the Series 2024A Insurer, 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 2024A Bonds registered to the then current Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Bond to the Series 2024A Insurer, 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 shall have no effect on the amount of principal or interest payable by the Authority on any Insured Series 2024A Bond or the subrogation rights of the Series 2024A Insurer.

(c) The Trustee shall keep a complete and accurate record of all funds deposited by the Series 2024A Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2024A Bond. The Series 2024A Insurer shall have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Series 2024A Insurance Policy, the Trustee shall 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 shall have exclusive control and sole right of withdrawal. The Trustee shall receive any amount paid under the Series 2024A Insurance Policy in trust on behalf of Bondholders and shall 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 shall 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 2024A Bonds under the sections hereof regarding payment of Series 2024A Bonds. It shall not be 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 Indenture to the contrary, the Authority agrees, and shall cause the City to agree, to pay to the Series 2024A Insurer: (i) a sum equal to the total of all amounts paid by the Series 2024A Insurer under the 2021 Bond Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Series 2024A Insurer until payment thereof in full, payable to the Series 2024A Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). The Authority and the City covenant and agree 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 shall 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 shall promptly be remitted to the Series 2024A Insurer.

(f) Amounts paid by the Series 2024A Insurer under the Series 2024A Insurance Policy shall not be deemed paid for purposes of the Indenture and the Insured Series 2024A Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture shall not be discharged unless all amounts due or to become due to the Series 2024A Insurer have been paid in full or duly provided for.

(g) The Series 2024A Insurer shall, to the extent it makes any payment of principal of or interest on the Insured Series 2024A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Series 2024A Insurance Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Series 2024A Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(h) The Authority shall pay or reimburse (or cause the City to pay or reimburse) the Series 2024A Insurer any and all charges, fees, costs and expenses that the Series 2024A Insurer 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 Indenture 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 Indenture or any other Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Series 2024A Insurer to honor its obligations under the Series 2024A Insurance Policy. The Series 2024A Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(i) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall 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.

(j) The Series 2024A Insurer shall be entitled to pay principal or interest on the Insured Series 2024A Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Series 2024A Insurance Policy), whether or not the Series 2024A Insurer has received a Notice of Nonpayment (as such terms are defined in the Series 2024A Insurance Policy) or a claim upon the Series 2024A Insurance Policy.

Provision of Information and Notice to 2024A Bond Insurer

So long as any Insured Series 2024A Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy, the Series 2024A Insurer shall be provided with the following information by the City, Authority or Trustee, as the case may be:

(a) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA System, annual audited financial statements within 180 days (or such longer period agreed to by the Series 2024A 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 Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Series 2024A Insurer shall reasonably request 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 Insured Series 2024A 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 Insured Series 2024A Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(e) Notice of the resignation or removal of the Trustee 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 and pursuant to any continuing disclosure agreement entered into in connection with the Series 2024A Bonds.

(j) The Series 2024A Insurer shall have the right to receive such additional information as it may reasonably request.

(k) The Authority and the City will permit the Series 2024A Insurer to discuss the affairs, finances and accounts of the Authority and the City or any information the Series 2024A Insurer may reasonably request regarding the security for the Insured Series 2024A Bonds with appropriate officers of the Authority or the City and will use commercially reasonable efforts to enable the Series 2024A Insurer to have access to the facilities, books and records of the Authority or the City, as requested, on any business day upon reasonable prior notice.

(l) The Trustee shall notify the Series 2024A Insurer of any failure of the Authority or the City to provide notices, certificates and other information under the transaction documents.

Rights of Series 2024A Insurer

No contract shall be entered into or any action taken by which the rights of the Series 2024A Insurer or security for or sources of payment of the Insured Series 2024A Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Series 2024A Insurer.

THE GROUND LEASE

DEFINITIONS

Except as otherwise defined in the Ground Lease, or unless the context clearly otherwise requires, words and phrases defined in the Lease Agreement or the Indenture shall have the same meaning in the Ground Lease.

LEASE OF THE PROPERTY; RENTAL

Lease of Property

The City has leased to the Authority, and the Authority has leased from the City, for the benefit of the Owners of the Bonds, the Property, and all rights appurtenant thereto, including, but not limited to, rights of access, subject only to Permitted Encumbrances, to have and to hold for the term of the Ground Lease.

Rental

The Authority shall pay to the City as and for rental of the Property under the Ground Lease, the sum of \$1.00, the receipt of which is acknowledged, and has entered into the Lease Agreement.

QUIET ENJOYMENT

The Property has been leased back to the City pursuant to the Lease Agreement for the term thereof. It is intended that, to the extent provided in the Ground Lease and in the Lease Agreement, if an event of default occurs under the Lease Agreement, the Authority, or its assignee, will have the right, for the then remaining term of the Ground Lease to (a) take possession of the Property, (b) if it deems it appropriate, cause

an appraisal of the Property and a study of the then reasonable use thereof to be undertaken, and (c) relet the Property. Subject to any rights the City may have under the Lease Agreement (in the absence of an event of default) to possession and enjoyment of the Property, the City covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term of the Ground Lease and will, at the request of the Authority and at the City's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

SPECIAL COVENANTS AND PROVISIONS

Waste

The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments

The City and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Ground Lease and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased by the Ground Lease or intended so to be or for carrying out the expressed intention of the Ground Lease, the Indenture and the Lease Agreement.

Waiver of Personal Liability

All liabilities under the Ground Lease on the part of the Authority shall be solely liabilities of the Authority as a joint exercise of powers entity, and the City releases each and every director, officer and employee of the Authority of and from any personal or individual liability under the Ground Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the City or to any other party whomsoever for anything done or omitted to be done by the Authority under the Ground Lease.

All liabilities under the Ground Lease on the part of the City shall be solely liabilities of the City as a public corporation, and the Authority releases each and every member, officer and employee of the City of and from any personal or individual liability under the Ground Lease. No member, officer or employee of the City shall at any time or under any circumstances be individually or personally liable under the Ground Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the City under the Ground Lease.

Taxes

The City covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry

The City reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Representations of the City

The City represents and warrants to the Authority and the Trustee as follows:

(a) the City has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations under the Ground Lease, and has duly authorized the execution of the Ground Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the City;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the City in order for the City to perform its governmental functions.

Representations of the Authority

The Authority represents and warrants to the City and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver the Ground Lease, and to perform all of its duties and obligations under the Ground Lease, and has duly authorized the execution and delivery of the Ground Lease.

ASSIGNMENT, SUBLEASING, MORTGAGING AND SELLING

Assignment and Subleasing

The Ground Lease may be sold or assigned and the Property subleased, as a whole or in part, by the Authority without the necessity of obtaining the consent of the City, if an event of default occurs under the Lease Agreement. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the City a true and correct copy of such assignment, sale or sublease, as the case may be.

Restrictions on City

The City agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Ground Lease.

TERM; TERMINATION

Term

The term of the Ground Lease shall commence as of the date of issuance of the Series 2024A Bonds and shall remain in full force and effect from such date to and including November 1, 2035, unless such term is extended or sooner terminated as provided in the Ground Lease.

Extension; Early Termination

If, on November 1, 2035, the Bonds shall not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Lease Agreement shall have been abated at any time, or amounts are owed to any Bond Insurer, then the term of the Ground Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, and the Indenture shall be discharged by its terms, except that the term of the Ground Lease shall in no event be extended beyond November 1, 2045. If, prior to November 1, 2035, all Bonds shall be fully paid, or provisions therefor made in accordance with the

Indenture, and the Indenture shall be discharged by its terms, the term of the Ground Lease shall end simultaneously therewith.

MISCELLANEOUS

Binding Effect

The Ground Lease shall inure to the benefit of and shall be binding upon the City, the Authority and their respective successors and assigns.

Severability

In the event any provision of the Ground Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Ground Lease.

Amendments, Changes and Modifications

The Ground Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Lease Agreement.

Assignment to Trustee

The Authority and City acknowledge that the Authority has assigned its right, title and interest in and to the Ground Lease (but none of its obligations and none of its rights to provide consents or approvals under the Ground Lease) to the Trustee pursuant to certain provisions of the Assignment Agreement. The City consents to such assignment.

Applicable Law

The Ground Lease shall be governed by and construed in accordance with the laws of the State of California.

Bond Insurer as Third Party Beneficiary

The Insurer is a third-party beneficiary under the Ground Lease and may enforce any right, remedy or claim conferred upon, given or granted thereunder.

THE LEASE AGREEMENT

DEFINITIONS

Definitions. Unless the context otherwise requires, the terms defined in the Lease Agreement shall, for all purposes of the Lease Agreement, have the meanings therein specified, which meanings shall be equally applicable to both the singular and plural forms of any of the terms therein defined. Capitalized terms not otherwise defined in the Lease Agreement shall have the meanings assigned to such terms in the Indenture.

“**Additional Bonds**” means bonds other than the Series 2024A Bonds issued under the Indenture in accordance with the provisions thereof.

“**Additional Rental Payments**” means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

“**Authority**” means the Moreno Valley Public Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

“**Base Rental Deposit Date**” means the 25th day of the month next preceding each Interest Payment Date.

“**Base Rental Payments**” means all amounts payable to the Authority from the City as Base Rental Payments pursuant to the Lease Agreement.

“**Base Rental Payment Schedule**” means the schedule of Base Rental Payments payable to the Authority from the City pursuant to the Lease Agreement.

“**Bonds**” means the Series 2024A Bonds issued under the Indenture, and any Additional Bonds.

“**City**” means the City of Moreno Valley, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

“**Delivery Date**” means August 6, 2024.

“**Ground Lease**” means the Ground Lease, dated as of August 1, 2024, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

“**Indenture**” means the Indenture, dated as of August 1, 2024, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“**Joint Powers Agreement**” means the Joint Exercise of Powers Agreement, dated as of October 28, 1997, by and between the City and the Community Redevelopment Agency of the City of Moreno Valley, as originally executed and as it may from time to time be further amended in accordance with the provisions thereof.

“**Lease Agreement**” means the Lease Agreement, dated as of August 1, 2024, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Net Insurance Proceeds**” means any insurance proceeds or condemnation award in excess of \$50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

“**Permitted Encumbrances**” means, with respect to the Property, as of any particular time, (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Lease Agreement, permit to remain unpaid, (b) the Assignment Agreement, (c) the Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Delivery Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Delivery Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the

Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, and (h) all of the exceptions to title listed in the title insurance policy relating to the Series 2024A Bonds and dated the Delivery Date.

“**Property**” means the real property described in Exhibit A to the Lease Agreement and the improvements located thereon as such real property description may be amended or modified (including the addition, release or substitution of property as part of the Property), in accordance with the Lease Agreement.

“**Rental Payments**” means, collectively, the Base Rental Payments and the Additional Rental Payments.

“**Rental Period**” means the period from the Delivery Date through November 1, 2024, and, thereafter, the twelve-month period commencing on November 2 of each year during the term of this Lease Agreement.

“**Series 2024A Bonds**” means the Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2024A issued under the Indenture.

“**Trustee**” means the trustee appointed under the Indenture and referred to therein as the Trustee.

LEASE OF PROPERTY; TERM

Lease of Property. The Authority has leased to the City and the City has leased from the Authority the Property, and all rights appurtenant thereto, including, but not limited to, rights of access, on the terms and conditions set forth in the Lease Agreement, subject to all Permitted Encumbrances.

The leasing of the Property by the City to the Authority pursuant to the Ground Lease shall not effect or result in a merger of the City’s leasehold estate pursuant to the Lease Agreement and the City’s fee estate as lessor under the Ground Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and of the Lease Agreement. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and shall be independent of the Lease Agreement; the Lease Agreement shall not be an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Term; Occupancy. The term of the Lease Agreement shall commence on the Delivery Date and shall end on November 1, 2035, unless such term is extended or sooner terminated as provided in the Lease Agreement. If on November 1, 2035 the Bonds shall not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments shall remain due and payable or shall have been abated at any time and for any reason, or amounts are owed to any Bond Insurer, the Lease Agreement or the Indenture, then the term of the Lease Agreement shall be extended until the date upon which (i) all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, or (ii) the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full. Notwithstanding the foregoing, the term of the Lease Agreement shall in no event be extended beyond November 1, 2045. If prior to November 1, 2035, all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, the Indenture shall be discharged by its terms and all Rental Payments shall have been paid in full, the term of the Lease Agreement shall end simultaneously therewith.

RENTAL PAYMENTS

Base Rental Payments

(a) Subject to the provisions of the Lease Agreement relating to a revision of the Base Rental Payment Schedule described in paragraph (b) below, the City shall pay to the Authority, as Base Rental Payments (subject to the provisions of the Lease Agreement), (i) the amount at the times specified in the Base Rental

Payment Schedule, a portion of which Base Rental Payments shall constitute principal, and a portion of which shall constitute interest, (ii) any Insurer Reimbursement Amounts due and owing to the Series 2024A Insurer as set forth in the Indenture, and (iii) repayment of Policy Costs due and owing to the Series 2024A Insurer pursuant to the Indenture. Rental Payments, including Base Rental Payments, shall 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 Period for which such Rental Payments are to be paid

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of 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 of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

(b) If the term of the Lease Agreement shall have been extended pursuant to the Lease Agreement, the obligation of the City to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement (as so extended pursuant to the Lease Agreement). Upon such extension, the Base Rental Payments shall be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period subsequent to such extension shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. The City shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable 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 Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to the Lease Agreement;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code;

(e) amounts due and owing to the Series 2024A Insurer as set forth in the Lease Agreement; and

(f) all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement shall be paid by the City directly to the person or persons to whom such amounts shall be payable. The City shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value

The parties to the Lease Agreement have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Payment Provisions

Each installment of Base Rental Payments payable under the Lease Agreement shall be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in San Francisco, California, or such other place or entity as the Trustee shall designate. Each Base Rental Payment shall be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which shall not be paid by the City when due and payable under the terms of the Lease Agreement shall bear interest from the date when the same is due under the Lease Agreement until the same shall be paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Lease Agreement on any date shall be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Appropriations Covenant

The City covenants to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the City contained in the Lease Agreement shall be deemed to be and shall be construed to be duties imposed by law and it shall be 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 Lease Agreement agreed to be carried out and performed by the City.

Rental Abatement

Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments shall be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The amount of such abatement shall be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period shall not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority shall calculate such abatement and shall provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending when such use and occupancy are restored; and the term of the Lease Agreement shall be extended as provided in the Lease Agreement, except that the term shall in no event be extended beyond November 1, 2045.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the City as a special obligation payable solely from said funds and accounts.

MAINTENANCE, ALTERATIONS AND ADDITIONS

Maintenance and Utilities

Throughout the term of the Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Additions to Property

Subject to the Lease Agreement, the City and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way cause permanent and material damage to the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made, shall be of a value which is at least equal to the value of the Property 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 items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement shall prevent the City or any sublessee from purchasing items to be installed pursuant to the Lease Agreement 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 shall attach to any part of the Property.

INSURANCE

Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance

(a) The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies shall provide coverage in the 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 a single accident or event, and in a minimum amount of \$500,000 for damage to property (subject to a deductible clause of not to exceed \$100,000) resulting from a single accident or event. Such commercial general 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 coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of the Lease Agreement described under the caption "Self-Insurance" below. The Net Insurance Proceeds of such liability insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance shall have been paid.

(b) The City shall maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations under the Lease Agreement may be satisfied by self-insurance, provided such self-insurance complies with the provisions of the Lease Agreement described under the caption "Self-Insurance" below.

(c) The City shall maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which shall include 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 not less than the construction costs expended for such projects and, if no builder's risk policy is in effect, in an amount not less than 100% of the replacement cost of such improvements. All property insurance may be subject to a deductible in an amount not to exceed \$500,000. The City's obligations under the Lease Agreement may be satisfied by self-insurance, provided such self-insurance complies with the provisions of the Lease Agreement described under the caption "Self-Insurance" below.

(d) The City shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to the Lease Agreement described under subsection (c) above in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City shall not be permitted to self-insure its obligation to maintain such rental interruption insurance.

(e) The insurance required by the Lease Agreement shall be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant person (who may be an employee of the City), to be adequate for the purposes of the Lease Agreement.

Title Insurance

The City shall provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate under the Lease Agreement in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby or by the Lease Agreement shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Bond Owners.

Additional Insurance Provision; Form of Policies

The City shall pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement. All such policies shall provide that the Trustee shall be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee shall 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 shall cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2023, a schedule of the insurance policies being maintained in accordance with the Lease Agreement and a Written Certificate of the City, which may be in the form set forth in Exhibit D attached to the Lease Agreement, stating that such policies are in full force and effect and that the City is in full compliance with such insurance requirements of the Lease Agreement. The Trustee shall be entitled to rely upon said Written Certificate of the City as to the City's compliance with such insurance requirements of the Lease Agreement. The Trustee shall not be responsible for the sufficiency of coverage or amounts of such policies.

Self-Insurance

Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance shall be deemed to be self-insurance for purposes of the Lease Agreement. Any self-insurance maintained by the City pursuant to the Lease Agreement shall comply with the following terms:

(a) the self-insurance program shall be approved in writing by a professionally certified risk manager or by an independent insurance consultant (who may be an employee of the City);

(b) the self-insurance program shall include an actuarially sound claims reserve fund out of which each self-insured claim shall be paid, the adequacy of each such fund shall be evaluated on an annual basis by a professionally certified risk manager or by an independent insurance consultant (who may be an employee of the City) and any deficiencies in any self-insured claims reserve fund shall be remedied in accordance with the recommendation of a professionally certified risk manager or such independent insurance consultant, as applicable; and

(c) in the event the self-insurance program shall be discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, shall be maintained.

DEFAULTS AND REMEDIES

Defaults and Remedies

(a) (i) If the City shall fail (A) to pay any Base Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement, or (B) to keep, observe or perform any other term, covenant or condition contained in the Lease Agreement or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in the Lease Agreement and described under subsection (b) below, the City shall be deemed to be in default under the Lease Agreement and it shall be lawful for the Authority to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement. The City shall in no event be in default in the observance or performance of any covenant, condition or agreement in the Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(B) or (ii) of the preceding sentence, unless the City shall have failed, for a period of 30 days or such additional time as is reasonably required to correct any such default after notice by the Authority to the City properly specifying

wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, shall have the option to do any of the following:

(1) To terminate the Lease Agreement in the manner provided in the Lease Agreement on account of default by the City, notwithstanding any re-entry or re-letting of the Property as provided for in the Lease Agreement and described under subparagraph (2) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City agrees to surrender immediately possession of the Property, 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 Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. Neither notice to pay Rental Payments or to deliver up possession of the Property 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 Property nor the appointment of a receiver upon initiative of the Authority to protect the Authority's interest under the Lease Agreement shall of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City shall be or become effective by operation of law or acts of the parties to the Lease Agreement, or otherwise, unless and until the Authority shall have given written notice to the City of the election on the part of the Authority to terminate the Lease Agreement. The City covenants and agrees that no surrender of the Property or of the remainder of the term of the Lease Agreement or any termination of the Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating the Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event the Authority does not elect to terminate the Lease Agreement in the manner provided for in the Lease Agreement and described under subparagraph (1) above, the City shall remain liable and agrees to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and further agrees to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as provided for the payment of Rental Payments under the Lease Agreement, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Lease Agreement, 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 re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as provided in the Lease Agreement, the City by the Lease Agreement irrevocably appoints the Authority as the agent and attorney-in-fact of the City to re-let the Property, 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 Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City by the Lease Agreement indemnifies and agrees 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 Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Authority in effecting such

re-letting shall constitute a surrender or termination of the Lease Agreement 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 Lease Agreement shall vest in the Authority to be effected in the sole and exclusive manner provided for in the Lease Agreement and described under subparagraph (1) above. The City further agrees to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City by the Lease Agreement waives any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property 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 Property.

(b) If (i) the City's interest in the Lease Agreement or any part thereof shall be assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as provided for in the Lease Agreement, or (ii) the City or any assignee shall file any petition or institute 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 elect 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 shall be appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City shall make a general assignment for the benefit of the City's creditors, or (iii) the City shall abandon or vacate the Property, then the City shall be deemed to be in default under the Lease Agreement.

(c) In addition to the other remedies set forth in the Lease Agreement, upon the occurrence of an event of default, the Authority and its assignee shall be entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees shall be enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee shall have the right to bring the following actions:

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

(ii) 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 or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city 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 City as provided in the Lease Agreement.

Each and all of the remedies given to the Authority under the Lease Agreement or by any law now or hereafter enacted are cumulative and the single or partial exercise of any right, power or privilege under the Lease Agreement shall not impair the right of the Authority to the 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 Lease Agreement shall include, but not be limited to, re-letting by means of the operation by the Authority of the Property. If

any statute or rule of law shall validly limit the remedies given to the Authority under the Lease Agreement, the Authority nevertheless shall be entitled to whatever remedies are allowable under any statute or rule of law.

In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Lease Agreement, the City agrees 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 under the Lease Agreement.

Notwithstanding anything to the contrary contained in the Lease Agreement, the Authority shall have no right upon a default under the Lease Agreement by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in the Lease Agreement, the termination of the Lease Agreement by the Authority and its assignees on account of a default by the City under the Lease Agreement shall not effect or result in a termination of the Ground Lease.

Waiver

Failure of the Authority to take advantage of any default on the part of the City shall not be, or be construed as, a waiver thereof, nor shall any custom or practice which may grow up between the parties in the course of administering this instrument 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 Lease Agreement, or to exercise any rights given the Authority on account of such default. A waiver of a particular default shall not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments under the Lease Agreement shall not be, or be construed to be, a waiver of any term, covenant or condition of the Lease Agreement.

EMINENT DOMAIN; PREPAYMENT

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) shall be taken under the power of eminent domain, the term of the Lease Agreement shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of the Lease Agreement. So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the extraordinary redemption of Bonds as provided in the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and under the Lease Agreement, have been fully paid, shall be paid to the Authority and to the City as their respective interests may appear.

Prepayment

(a) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2024A Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in the Indenture described above under the caption "THE INDENTURE—DEFEASANCE," sufficient to make such Base Rental Payments when due.

(b) If less than all of the Base Rental Payments attributable to the Series 2024A Bonds are prepaid pursuant to the Lease Agreement then, as of the date of such prepayment pursuant to the Lease

Agreement described in subsection (a) above, or the date of a deposit pursuant to the Lease Agreement described in subsection (b) above, the principal and interest components of such Base Rental Payments shall be recalculated in order to take such prepayment into account. The City agrees that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City shall not be entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City shall not be entitled to any reimbursement of such Base Rental Payments.

(c) If all of the Base Rental Payments are prepaid in accordance with the provisions of the Lease Agreement then, as of the date of such prepayment described in subsection (a) above and, if applicable, the corresponding provisions of the Lease Agreement relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to the Lease Agreement described in subsection (b) above and, if applicable, such corresponding provisions, and payment of all other amounts owed under the Lease Agreement have been made, the term of the Lease Agreement shall be terminated.

(d) Prepayments of Base Rental Payments attributable to the Series 2024A Bonds made pursuant to the Lease Agreement shall be applied to the redemption of the Series 2024A Bonds as directed by the City and as provided in the Indenture.

(e) Before making any prepayment pursuant to the Lease Agreement, the City shall give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made, which date shall be not less than 45 nor more than 60 days from the date such notice is given to the Authority.

COVENANTS

Right of Entry

The Authority and its assignees shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Lease Agreement, and for all other lawful purposes.

Liens

In the event the City shall at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and 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 as long as such contestment is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City shall forthwith pay and discharge said judgment.

Quiet Enjoyment

The parties to the Lease Agreement mutually covenant that the City, by keeping and performing the covenants and agreements contained in the Lease Agreement, shall at all times during the term of the Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Authority Not Liable

The Authority and its directors, officers, agents and employees, shall not be liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City shall, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City also covenants and agrees, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to the Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in the Lease Agreement, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

To the extent the Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of the Lease Agreement, the Trustee is by the Lease Agreement explicitly recognized as being a third-party beneficiary under the Lease Agreement and may enforce any such right, remedy or claim conferred, given or granted under the Lease Agreement.

Assignment and Subleasing

Neither the Lease Agreement nor any interest of the City under the Lease Agreement shall be sold, mortgaged, pledged, assigned, or transferred by the City by voluntary act or by operation by law or otherwise. The Property may not be subleased in whole or in part by the City without the prior written consent of the Authority and the Series 2024A Insurer. Any such sublease shall be subject to all of the following conditions:

- (a) the Lease Agreement and the obligation of the City to make all Rental Payments under the Lease Agreement shall remain the primary obligation of the City;
- (b) the City shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority, the Series 2024A Insurer and the Trustee a true and complete copy of such sublease;
- (c) any sublease of the Property by the City shall explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and
- (d) the City shall furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Title to Property

Upon the termination or expiration of the Lease Agreement (other than as described under captions “DEFAULT AND REMEDIES” and “EMINENT DOMAIN” above), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property shall vest in the City. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Authority’s Purpose

The Authority covenants that, prior to the discharge of the Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Representations of the City

The City represents and warrants to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Authority

The Authority represents and warrants to the City that the Authority has the full power and authority to enter into, to execute and to deliver the Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement, the Assignment Agreement and the Indenture.

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

No Consequential Damages

In no event shall the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the City’s use of the Property.

Use of the Property

The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Lease Agreement. In addition, the City agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) 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 Property; 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, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Lease Agreement.

Substitution or Release of, or Addition to, the Property

The City shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement or to add additional property to the encumbrance of the Lease Agreement. All costs and expenses incurred in connection with such substitution, release or

addition shall be borne by the City. Notwithstanding any substitution or release of, or addition to, Property pursuant to the Lease Agreement, there shall be no reduction in or abatement of the Base Rental Payments due from the City under the Lease Agreement as a result of such substitution, release or addition. Any such substitution or release of any portion of the Property, or addition to the Property, shall be subject to the following specific conditions, which are by the Lease Agreement made conditions precedent to such substitution, release or addition:

(a) a Written Certificate of the City to the effect that the Property, as constituted after such substitution, release or addition, (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) with respect to any substituted or added property, the City shall have obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to the Property (as such term will be defined after such substitution or addition) that when taken together with other title insurance policies covering the Property, will be in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in the Lease Agreement;

(c) the City, the Authority and the Trustee shall have executed, and the City shall have caused to be recorded with the Riverside County Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted or added real property in the description of the Property contained in the Lease Agreement and in the Ground Lease; and

(d) so long as any Insured Series 2024A Bonds remaining outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy (or any amounts are owed to the Series 2024A Insurer), the City shall have obtained the prior written consent of the series 2024A Insurer.

MISCELLANEOUS

Law Governing

THE LEASE AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS OF THE LEASE AGREEMENT AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Validity and Severability

If for any reason the Lease Agreement shall be 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 under the Lease Agreement, including the covenant to pay Rental Payments, is unenforceable for the full term of the Lease Agreement; then and in such event the Lease Agreement is and shall be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Property, and all of the terms, provisions and conditions of the Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, shall remain in full force and effect.

Net-Net-Net Lease

The Lease Agreement shall be deemed and construed to be a “net-net-net lease” and the City by the Lease Agreement agrees that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Taxes

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

The City or any sublessee may, at the City's or such sublessee's expense and in its name, with notice to the Series 2024A Insurer, in good faith contest any such taxes, assessments, utility 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 shall notify the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee shall 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, the Series 2024A Insurer and the Trustee, or the Series 2024A Insurer requests the City pay such taxes, assessments or other charges so contested.

Amendments

(a) the Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority and the City thereunder may be amended at any time by amendments thereto which shall become binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture and (so long as the Insured Series 2024A Bonds remain outstanding, with the prior written consent of the Series 2024A Insurer), provided that no such amendment shall (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease.

(b) the Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City thereunder may also be amended at any time by amendments thereto which shall become binding upon execution by the Authority and the City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved therein to or conferred therein on the Authority or the City, and which in either case shall not materially adversely affect the interests of the Owners;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained therein or in regard to questions arising thereunder which the Authority or the City may deem desirable or necessary and not inconsistent therewith, and which shall not materially adversely affect the interests of the Owners;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Lease Agreement;

(v) to provide for the issuance of Additional Bonds in accordance with the Indenture; or

(vi) to make such other changes therein or modifications thereto as the Authority or the City may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Assignment

The City and the Authority by the Lease Agreement acknowledge the assignment of the Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals under the Lease Agreement), and the Base Rental Payments payable under the Lease Agreement, to the Trustee pursuant to the Assignment Agreement.

Bond Insurer as Third Party Beneficiary

The Bond Insurer is a third-party beneficiary under the Lease Agreement and may enforce any right, remedy or claim conferred upon, given or granted thereunder.

Provisions Concerning the Series 2024 Insurer and the Series 2024A Insurance Policy

(a) The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Insured Series 2024A Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, 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 Property, the appraised value of the Property shall 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 Indenture.

(b) The Lessee (under the Lease Agreement) and the Lessor (under the Ground Lease) shall not have the right to terminate those agreements for default by the respective counterparties.

(c) So long as any Insured Series 2024 Bonds remain outstanding and the Series 2024A Insurer shall not have defaulted under the Series 2024A Insurance Policy, the City agrees to pay, or reimburse the Series 2024A Insurer, as Additional Payments for the use and occupancy of the Property (subject to the provisions of the Lease Agreement), any and all charges, fees, costs and expenses that the Series 2024A Insurer may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any of the Related Documents; (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 the Series 2024A Insurer to honor its obligations under the Series 2024A Insurance Policy. The Series 2024A Insurer 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.

ASSIGNMENT AGREEMENT

Assignment

The Authority, for good and valuable consideration, the receipt of which is acknowledged, has sold, assigned and transferred to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the owners of the Bonds, all of its right, title and interest in and to the Ground Lease and the Lease Agreement including, without limitation, its right to receive the Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided, however, that the Authority shall retain its obligations under the Lease Agreement and Ground Lease, the rights to indemnification, to give approvals and consents under the Lease Agreement and the Ground Lease and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

Acceptance

The Trustee has accepted the foregoing assignment, subject to the terms and provisions of the Indenture, and all such Base Rental Payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Lease Agreement and the Indenture.

Conditions

The Assignment Agreement shall impose no obligations upon the Trustee beyond those expressly provided in the Indenture.

Further Assurances

The Authority shall make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the owners of the Bonds, the rights intended to be conveyed pursuant to the Assignment Agreement.

Governing Law

THE ASSIGNMENT AGREEMENT SHALL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS THEREOF AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

APPENDIX C

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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FISCAL YEAR ENDED
JUNE 30, 2023

CITY OF MORENO VALLEY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CALIFORNIA



FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T

FISCAL YEAR ENDED
JUNE 30, 2023

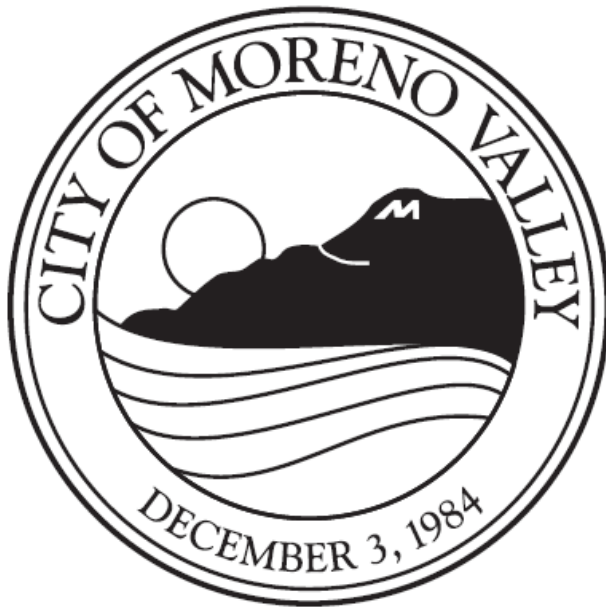
CITY OF MORENO VALLEY

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CALIFORNIA



FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T



**City of Moreno Valley, California
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023**

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The background of the cover is a solid blue color. In the lower half, there are dark blue silhouettes of a bird in flight on the left and a large, leafy bush or tree on the right. The text is white and positioned in the upper half of the page.

CITY OF MORENO VALLEY
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Introductory Section

FISCAL YEAR ENDED
JUNE 30, 2023

FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T

January 17, 2024

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 Annual Comprehensive Financial Report (ACFR) of the City of Moreno Valley (the City) for the fiscal year ended June 30, 2023.

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, Malady & Scott, LLP, a firm of certified public accountants. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering unmodified opinions on the City's financial statements for the fiscal year ended June 30, 2023. 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 Governmental Accounting Standards Board (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 51.3 square miles of land area in western Riverside County and with a population estimate of 208,289 continues to be the second largest city in Riverside County.

During the 2022/23 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 biennial (two-year) budget to the City Council for review in April/May prior to the start 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, Harbor Freight, Floor & Decor, Decker Brands, Aldi, Gate City, ResMed 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 29,700 jobs have been created in the last ten years.

Following employment growth within the City, average household income has increased to \$96,932 in 2023 or nearly a 25% growth rate since 2019.

The City continues to look forward to ongoing growth with over 2 million of square feet of industrial space completed in 2022. This is in addition to the previously approved World Logistics Center, which will 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 World Logistics Center continues through the development process with new building permits expected to be issued next year.

The ongoing growth and development have had other positive impacts to the community with the residential market showing growth over the last year with a 1.36% annual increase in average home value to over \$520,000. This has also driven the demand for additional housing and the City currently has over 3,000 single family units approved, entitled or under construction along with more than 3,600 multifamily units approved, entitled or under construction.

During FY 2022-23 the City continued to monitor the effects of the Coronavirus Disease 2019 (COVID-19) virus. The business community continues to experience difficulties related to staffing as well as growing inflationary pressure of the cost of goods. The long-term economic impacts of the pandemic continue to be an unknown. The City has invested in infrastructure and support for local businesses and residents to ease the effects of the pandemic.

The City of Moreno Valley has a tax abatement agreement with one local business. These agreements include local hiring requirements which are intended to stimulate the local employment opportunities for the community. Due to limitations established by California law we are unable to disclose information regarding the amounts of sales tax that were abated. For additional information regarding these tax abatements please refer to Note 10d.

Long-term financial planning: In May 2023, the City Council approved a two-year Operating Budget for fiscal years 2023/2024 and 2024/2025 that was not only balanced without the use of General Fund reserves, it also continues to support enhanced 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 2023, 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: Reserve Stabilization (Emergency Fund), Economic Uncertainty Reserve (Rainy Day Fund), and Unassigned (Cash Flow). Maintaining a Cash Flow reserve in unassigned fund balance with a minimum of 17% and a maximum of 70% 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 15% of the City's general fund to a Rainy Day Fund will ensure that the City has the flexibility to continue to deliver quality services during future economic downturns. A minimum of 15% of the City's general fund will be committed to an Emergency Fund 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 or any attempts by the State to redirect local revenues in the wake of their projected \$68 billion budget deficit for fiscal year 2024/25.

The City's credit rating is AA- as assigned by Standard & Poor's. A key factor in 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 for now, we look forward to strategizing and planning our continued economic recovery.

While Moreno Valley's fiscal position currently remains stable, the City is keeping a watchful eye on areas of concern such as the potential for slower economic growth related to recessionary pressures, increase costs related to a continued recessionary period we are currently experiencing, which includes increased contractual costs from our vendors. 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 Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. This was the twenty fifth consecutive year that the City has received this prestigious award. The City received the award for publishing an easily readable and efficiently organized ACFR 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 ACFR 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 eighth consecutive award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended June 30, 2022. 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 and Financial Resources Division. 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, Malady & Scott, LLP, for their assistance in preparing this important financial document.

Respectfully submitted,



Brian Mohan
Assistant City Manager

CITY OF MORENO VALLEY, CALIFORNIA

MUNICIPAL OFFICIALS

June 30, 2023

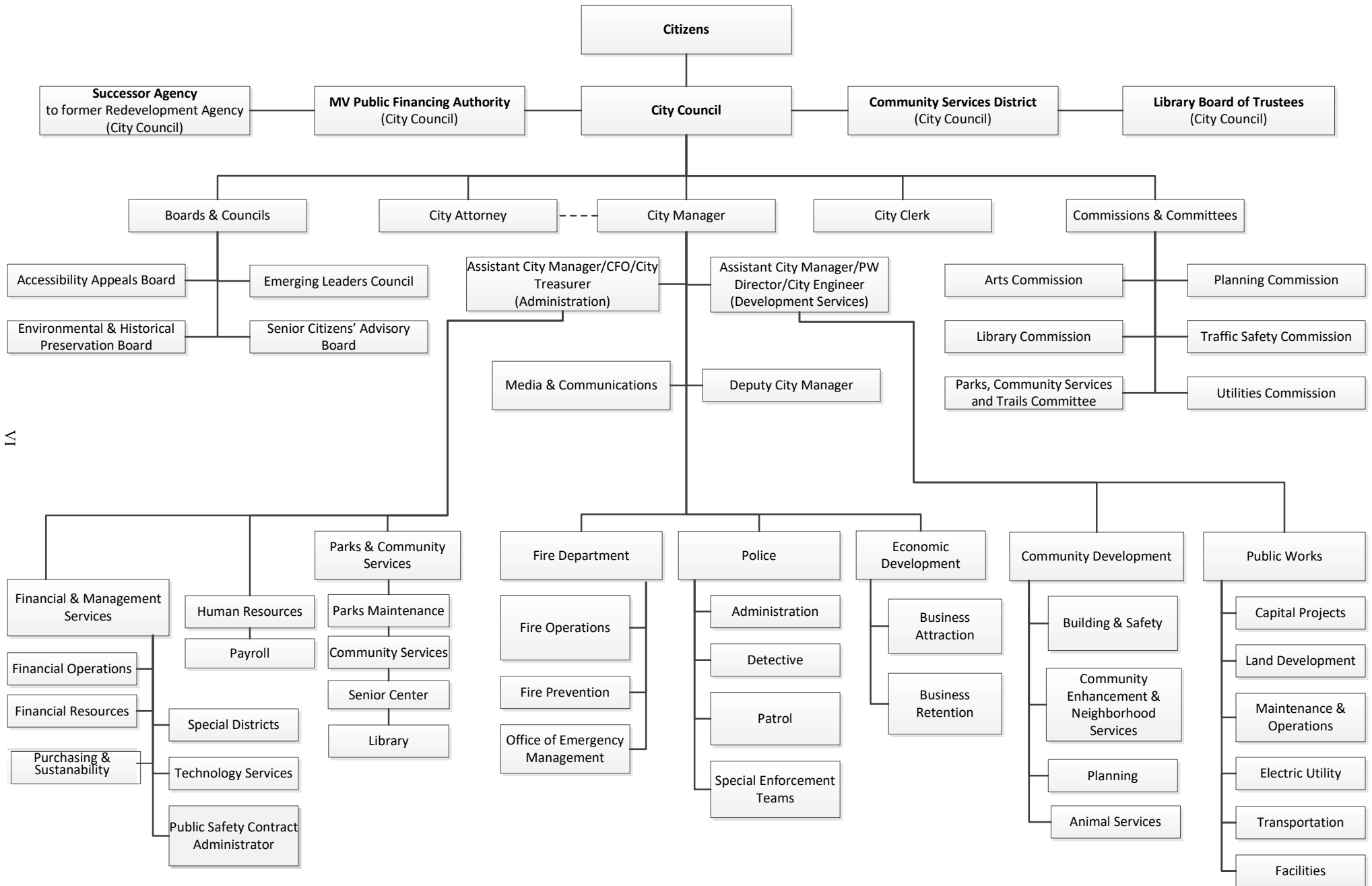
CITY COUNCIL

Ulises Cabrera, Mayor
Edward A. Delgado, Mayor Pro Tem
Elena Baca-Santa Cruz, Councilmember
David Marquez, Councilmember
Cheylynda Barnard, Councilmember

EXECUTIVE OFFICERS

Mike Lee, City Manager
Brian Mohan, Assistant City Manager/Chief Financial Officer/City Treasurer
Michael Lloyd, Assistant City Manager (Development)
Jane Halstead, Manager of the Office of Mayor and City Council/City Clerk
Steve Quintanilla, Interim City Attorney
Melissa Walker, Public Works Director/City Engineer
Sean Kelleher, Community Development Director
Jeremy Bubnick, Parks & Community Services Director
Jesse Park, Fire Chief
Kenneth Reichle, Chief of Police

City of Moreno Valley Organization Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

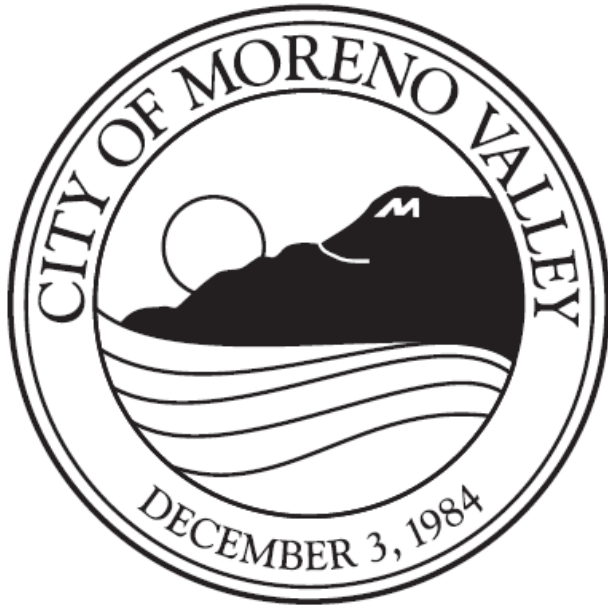
**City of Moreno Valley
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO





CITY OF MORENO VALLEY
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Financial Section

FISCAL YEAR ENDED
JUNE 30, 2023

FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T



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Quality Center*

California Society of
Certified Public Accountants



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison statements as listed in the table of contents for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Our opinions are not modified with respect to this matter

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and schedules listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
January 17, 2024



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**City of Moreno Valley, California
Management’s Discussion and Analysis
For the Year Ended June 30, 2023**

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, 2023. 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 \$1.2 billion (net position) on June 30, 2023.
- In the Government-wide - Statement of Net Position: The City’s total net position increased \$87.5 million for fiscal year 2022-23 mainly due to the increase in current assets.
- In the Governmental Fund – Balance Sheet: The General Fund had an end of year fund balance of \$98.6 million. The unassigned fund balance decreased by \$27.4 million, reaching \$23.7 million. This reduction was primarily due to the increase in fund balances for Reserve Stabilization (Emergency Fund) and Economic Uncertainty Reserve (Rainy Day Fund), totaling \$15.3 million, as required to maintain adequate reserve levels in compliance with City Council adopted policy.
- For business-type activities: Revenues exceeded expenses by \$12.5 million, increasing the unrestricted net position to \$43.1 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 Development Impact Fees, the Community Services District (CSD) Zones, the Housing Authority Special Revenue Funds, and the Public Works Capital Projects Fund. All of these are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the supplementary section of the report in the form of *combining statements*.

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

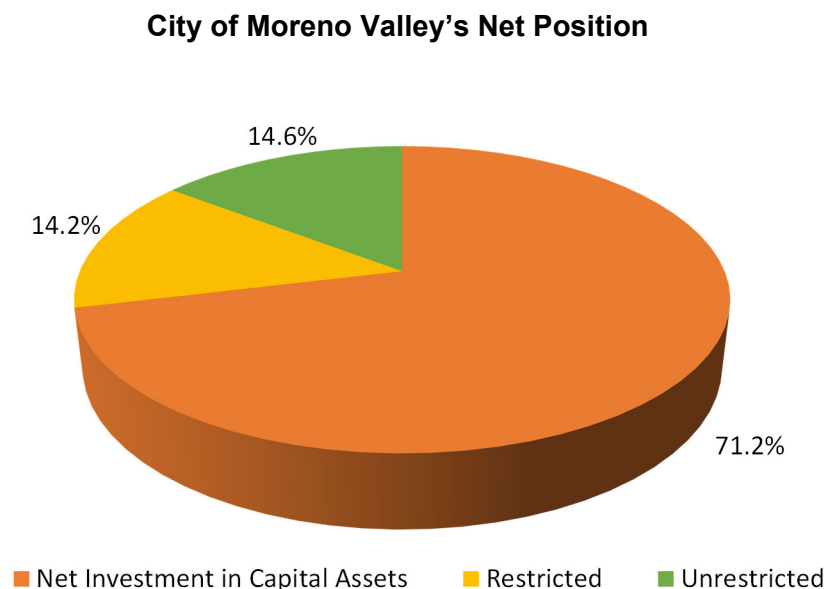
Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 the fiscal year ended June 30, 2023. Comparative data from the fiscal year ended June 30, 2022 is also represented in the tables.

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 tables address the financial results of the City as a whole. The City’s combined net position as of June 30, 2023 was \$1.2 billion.



City of Moreno Valley's Net Position
June 30, 2023
(continued)
(\$000's)

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 437,011	\$ 452,047	\$ 49,176	\$ 59,213	\$ 486,187	\$ 511,260
Capital assets	845,866	898,535	79,640	80,043	925,506	978,578
Other noncurrent assets	-	9,297	-	-	-	9,297
Total Assets	<u>1,282,877</u>	<u>1,359,879</u>	<u>128,816</u>	<u>139,256</u>	<u>1,411,693</u>	<u>1,499,135</u>
Deferred outflows of resources	<u>15,650</u>	<u>29,859</u>	<u>5,066</u>	<u>5,035</u>	<u>20,716</u>	<u>34,894</u>
Current liabilities	74,306	79,406	7,735	6,899	82,041	86,305
Long-term liabilities	<u>106,457</u>	<u>133,356</u>	<u>54,240</u>	<u>53,501</u>	<u>160,697</u>	<u>186,857</u>
Total Liabilities	<u>180,763</u>	<u>212,762</u>	<u>61,975</u>	<u>60,400</u>	<u>242,738</u>	<u>273,162</u>
Deferred inflows of resources	<u>29,527</u>	<u>13,780</u>	<u>682</u>	<u>159</u>	<u>30,209</u>	<u>13,939</u>
Net investment in capital assets	790,714	856,489	27,056	30,453	817,770	886,942
Restricted	164,344	167,224	7,939	10,226	172,283	177,450
Unrestricted	<u>133,179</u>	<u>139,483</u>	<u>36,230</u>	<u>43,053</u>	<u>169,409</u>	<u>182,536</u>
Total Net Position	<u>\$ 1,088,237</u>	<u>\$ 1,163,196</u>	<u>\$ 71,225</u>	<u>\$ 83,732</u>	<u>\$ 1,159,462</u>	<u>\$ 1,246,928</u>

Total net position of the City of Moreno Valley increased from the previous year with a balance of \$1.2 billion on June 30, 2023. The City's unrestricted net position increased \$13.1 million to \$182.5 million. Total assets increased \$87.4 million and total liabilities increased by \$30.4 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes:

Governmental Activities

Total assets increased by \$77.0 million primarily due to an increase in capital assets of \$52.7 million in governmental activities.

The current year capital asset additions of \$107.5 million (including intangible assets) were offset by current year depreciation and amortization expenses of \$37.4 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation and amortization of \$17.4 million for a net increase of \$52.7 million.

Current liabilities increased by \$5.1 million primarily due to an increase in accounts payable and deposits payable. Total liabilities increased \$32.0 million due to the increase in net pension and OPEB liability on June 30, 2023. See Note 8 and Note 9 of Notes to the Financial Statements for more information.

Net investment in capital assets increased \$65.8 million as various infrastructure projects, including a \$50 million investment in pavement rehabilitation, were completed within the City following the pandemic.

Restricted net position increased by \$2.9 million due to increased commitments and programming in the areas of community and cultural, and water quality.

Business-type Activities

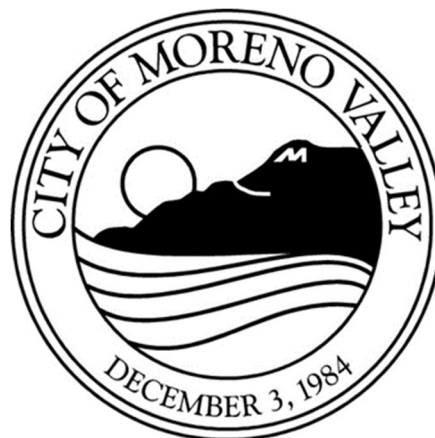
Current and other assets of business-type activities increased by \$10.0 million over last year. This was primarily due to the increase in cash and investments of \$8.2 million, which was the result of the accumulation of net operating income for future infrastructure needs.

Capital assets had a net increase of \$0.4 million during the fiscal year. Capital asset additions included investment in additional electric utility infrastructure. Additional capital asset information is located in Note 5 in the financial statements.

Total liabilities decreased by \$1.6 million primarily due to reduction in long-term debt at June 30, 2023. See Note 6 to the financial statements for more information.

Net investment in capital assets increased \$3.4 million due to the addition of capital assets during the fiscal year.

Unrestricted net position increased by \$6.8 million during the year primarily due to the funding of reserves in keeping with established electric utility industry best practices.



Analysis of the Changes in Net Position

Total government-wide revenues increased by \$37.8 million, a 13.0% increase from the prior year, while total expenses increased by \$7.9 million, a 3.4% 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, 2023. Comparative data from the fiscal year ended June 30, 2022 is also presented.

Changes in Net Position For the Year Ended June 30, 2023 (\$000's)

	Governmental Activities		Business-type Activities		Totals	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues:						
Charges for services	\$ 38,512	\$ 37,147	\$ 45,340	\$ 48,711	\$ 83,852	\$ 85,858
Operating contributions and grants	74,406	58,965	-	870	74,406	59,835
Capital contributions and grants	6,116	19,979	833	1,339	6,949	21,318
General Revenues:						
Property tax	49,695	54,492	-	-	49,695	54,492
Transient occupancy tax	4,732	4,787	-	-	4,732	4,787
Sales tax	40,570	36,162	-	-	40,570	36,162
Franchise taxes	6,848	7,995	-	-	6,848	7,995
Business license tax	2,669	2,959	-	-	2,669	2,959
Utility users tax	17,708	19,501	-	-	17,708	19,501
Franchise in lieu of taxes	859	1,051	-	-	859	1,051
Documentary transfer tax	1,314	955	-	-	1,314	955
Other taxes	7,433	10,843	-	-	7,433	10,843
Use of money and property	(7,102)	8,394	-	911	(7,102)	9,305
Miscellaneous	1,399	12,729	224	1,584	1,623	14,313
Total Revenues	<u>245,159</u>	<u>275,959</u>	<u>46,397</u>	<u>53,415</u>	<u>291,556</u>	<u>329,374</u>
Expenses:						
General government	30,490	26,812	-	-	30,490	26,812
Public safety	68,559	76,208	-	-	68,559	76,208
Community and economic development	18,199	15,911	-	-	18,199	15,911
Community and cultural	27,179	28,558	-	-	27,179	28,558
Public works	49,395	50,775	-	-	49,395	50,775
Interest and fiscal charges	1,859	2,736	-	-	1,859	2,736
Electric			38,377	40,908	38,377	40,908
Total Expenses	<u>195,681</u>	<u>201,000</u>	<u>38,377</u>	<u>40,908</u>	<u>234,058</u>	<u>241,908</u>
Excess before transfers	49,478	74,959	8,020	12,507	57,498	87,466
Transfers	-	-	-	-	-	-
Change in Net Position	49,478	74,959	8,020	12,507	57,498	87,466
Net Position Beginning of Year	1,038,759	1,088,237	63,205	71,225	1,101,964	1,159,462
Net Position End of Year	<u>\$ 1,088,237</u>	<u>\$ 1,163,196</u>	<u>\$ 71,225</u>	<u>\$ 83,732</u>	<u>\$ 1,159,462</u>	<u>\$ 1,246,928</u>

Governmental Activities

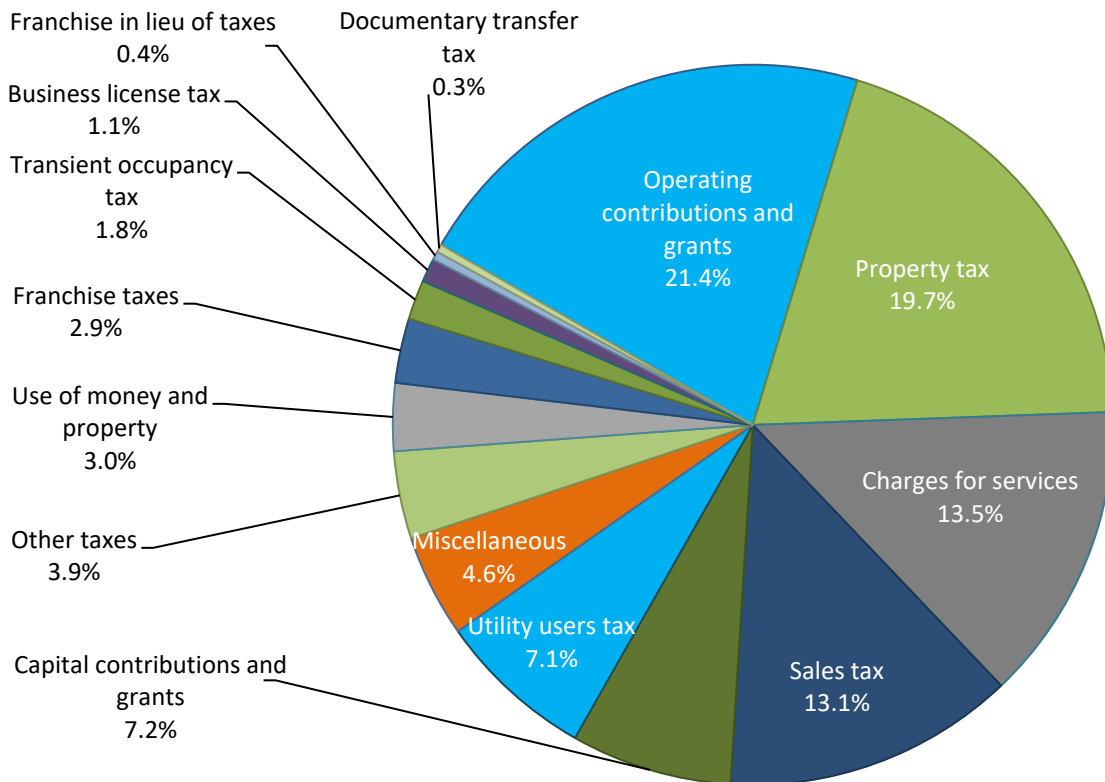
The City's governmental revenues increased \$30.8 million, a 12.6% increase from the prior year, and total expenses increased \$5.3 million, a 2.7% increase. The following discusses the changes in more detail.

Revenue

Program revenues have remained consistent compared to the previous years, which includes various grants received in both years.

General revenues increased by \$33.7 million, driven by a \$4.8 million rise in property taxes, a \$15.5 million increase in use of money and property due to higher investment income, and a boost in miscellaneous income of \$11.3 million, mainly caused by a \$6.0 million community benefit contribution from the City’s contracted waste hauler and a \$3.9 million land sale from March JPA.

**Revenues by Source – Governmental Activities
For the year ended June 30, 2023**



Expense

Total governmental expenses increased by \$5.3 million. This increase is primarily due to increased public safety expenses of \$7.6 million.

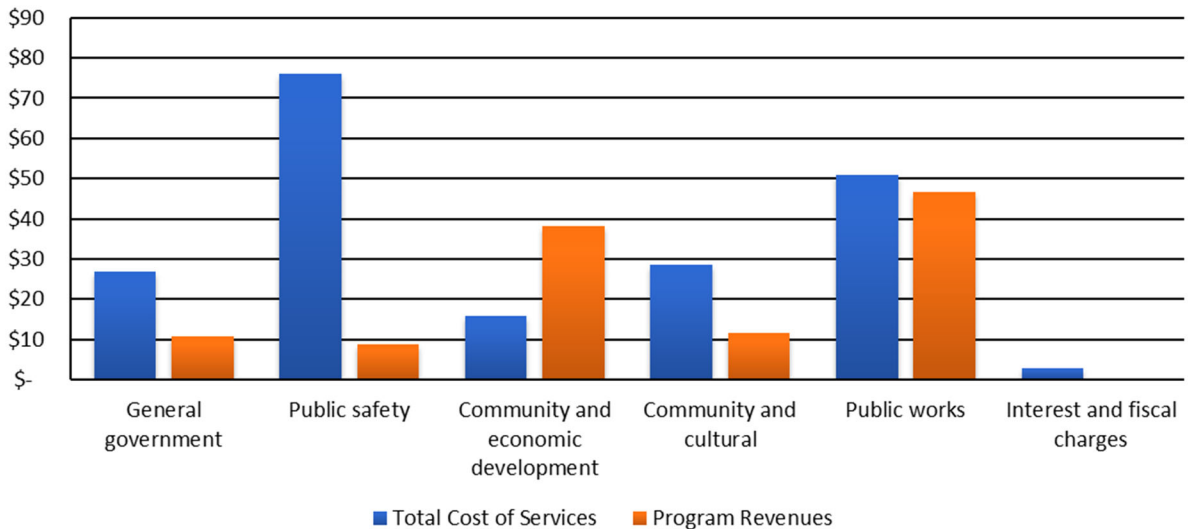
The following table presents the cost of each of the six major program categories and identifies each program’s *net cost* (total cost less revenues generated by the activities). The net cost is the amount paid for by general revenue sources that are generated by all City taxpayers. As illustrated, program revenues recovered \$116.1 million of the cost of providing these services.

**Governmental Activities - Net Cost of Services
For the year ended June 30, 2023**

	Total Cost of Services	Net Cost of Services
General government	\$ 26,811,517	\$ (16,206,683)
Public safety	76,207,709	(67,394,012)
Community and economic development	15,911,117	22,351,133
Community and cultural	28,558,641	(16,872,740)
Public works	50,775,462	(4,050,490)
Interest and fiscal charges	2,735,642	(2,735,642)
TOTAL	<u>\$ 201,000,088</u>	<u>\$ (84,908,434)</u>

The City paid for the remaining public benefit portion of these governmental activities with \$159.9 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, 2023
(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 \$7.0 million from the prior year or 15.1%. Total expenses increased \$2.5 million or 6.6%. The following discusses the changes in more detail.

Revenue

Total revenues increased \$7.0 million from prior year primarily due to increase in charges for services.

Expenses

Expenses in the Electric Utility increased \$2.5 million. This increase was primarily due to increases in services, 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 \$270.1 million, with the General Fund representing \$98.6 million, or 36.5% of the total. The City’s General Fund has unassigned fund balance of \$23.7 million.

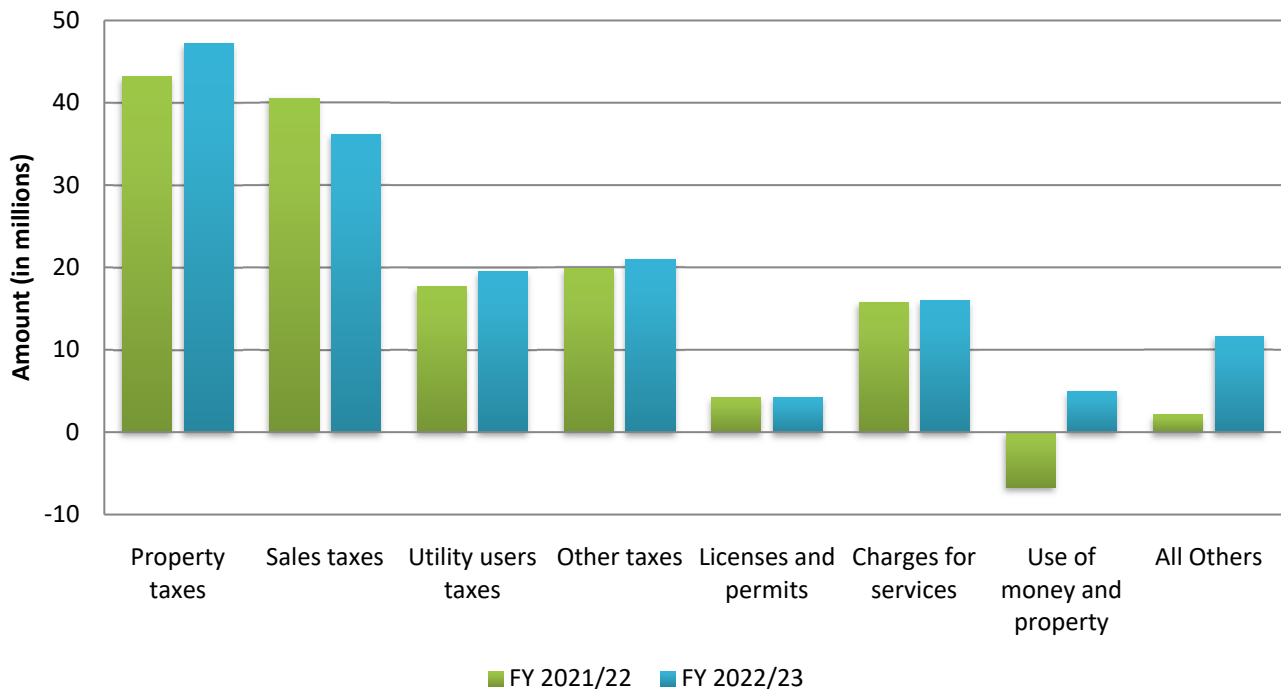
General Fund Financial Results

The General Fund was anticipated to have a balanced budget resulting in minimal change in fund balance. Actual results increased the total fund balance by \$1.4 million. Actual results realized an expenditure reduction of \$13.2 million primarily related to savings in public safety expenditures as these expenditures were covered by the American Rescue Plan Act (ARPA) of 2021 funding. The operating reserve increased to \$22.4 million, and the economic uncertainty increased to \$22.4 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.

The General Fund revenues were \$11.7 million more than what was anticipated in the budget. This increase was primarily due to a \$1.8 million rise in property taxes attributed to increased property values, a \$3.8 million increase in utility users tax revenue resulting from population growth within the City, and an additional \$3.9 million in other taxes attributable to business expansion within the City.

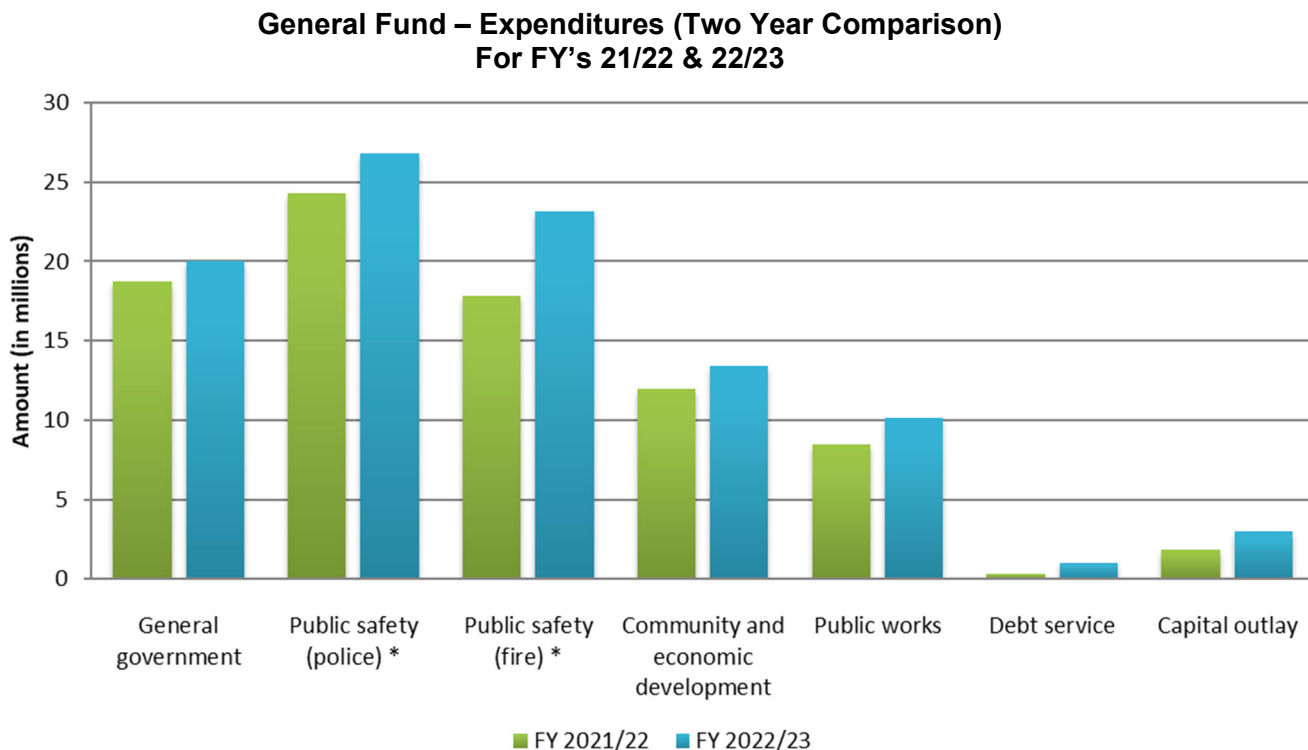
The following graph presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2022 and 2023.

**General Fund – Revenues (Two Year Comparison)
For FY’s 21/22 & 22/23**



Overall General Fund actual expenditures were \$13.2 million less than the final budget. The major contributors to this result were primarily due to savings of \$10.4 million in public safety contracts (as these expenditures were covered by the American Rescue Plan Act (ARPA) of 2021 funding) and \$2.1 million in development expenditure through the delay of capital projects running multiple years.

The following graph presents a comparison of each General Fund expenditure category for the fiscal years ended June 30, 2022 and 2023.



* Public safety expenditures of FY2021-22 & FY2022-23 impacted by one-time pandemic funding.

Other Major Fund Financial Results

The fund balance of the Development Impact Fees Special Revenue Fund increased by \$3.5 million over the prior year. 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 was primarily caused by accelerated receipt of fees from new development projects within the City following the pandemic.

The fund balance of the Community Service District Zones Special Revenue Fund increased \$6.8 million over the prior year compared to the \$5.0 million decrease originally 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 main reason for this positive outcome was that expenditures were \$10.4 million lower than expected and there was an additional \$1.2 million in property tax revenue due to additional annexations related to new development projects within the City following the pandemic.

The fund balance of the Housing Authority Fund decreased \$0.3 million over the prior year. This fund accounts for the housing assets as a result of the 2012 States dissolution of redevelopment agencies. In FY 2022-23, the fund balance decreased primarily due to investment in an affordable housing project currently under construction.

The fund balance of the Public Works Capital Projects Fund decreased by \$14.1 million over the prior year. This fund accounts for capital projects including co-op and reimbursement agreements with Riverside County Flood Control (RCFC) and Eastern Municipal Water District (EMWD). The decrease in fund balance was primarily a result of accelerated capital project developments within the City following the pandemic.

Capital Asset and Debt Administration

Capital Assets

At the end of FY 2022-23, the City's governmental activities had \$1.6 billion (\$898.5 million net of accumulated depreciation and amortization) 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 \$107.5 million (including intangible assets) were offset by current year depreciation and amortization expense of \$37.4 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of \$17.4 million for a net increase of \$52.7 million. This increase was primarily caused by progress in construction projects following the pandemic.

At June 30, 2023, the City's business-type activities had \$102.1 million (\$80.0 million net of accumulated depreciation) invested in capital assets, primarily utility infrastructure. The current year capital asset additions of \$4.5 million were offset by current depreciation expense of \$2.8 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of \$1.3 million for a net increase of \$0.4 million.

City of Moreno Valley Capital Assets June 30, 2023 (\$000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Land	\$ 306,923	\$ 307,414	\$ 1,729	\$ 1,729	\$ 308,652	\$ 309,143
Buildings and Improvements	159,022	159,333	-	-	159,022	159,333
Furniture and Equipment	26,345	32,612	1,347	1,347	27,692	33,959
Vehicles	12,513	12,810	-	-	12,513	12,810
Construction in progress	36,837	97,876	4,672	5,189	41,509	103,065
Infrastructure	927,416	947,240	91,183	93,863	1,012,062	1,041,103
Right-to-use intangible assets	2,659	4,462	-	-	2,659	4,462
	<u>1,471,715</u>	<u>1,561,747</u>	<u>98,931</u>	<u>102,128</u>	<u>1,570,646</u>	<u>1,663,875</u>
Accumulated Depreciation	(625,439)	(661,758)	(19,291)	(22,085)	(644,730)	(683,843)
Accumulated Amortization	(410)	(1,455)	-	-	-	(1,455)
Net Capital Assets	<u>\$ 845,866</u>	<u>\$ 898,534</u>	<u>\$ 79,640</u>	<u>\$ 80,043</u>	<u>\$ 925,916</u>	<u>\$ 978,577</u>

Some of the major capital projects from the Capital Improvement Plan that were completed during the current fiscal year were:

- Road safety Audits on Ironwood Avenue and Kitching Street
- Moreno Valley Ranch Intelligent Transportation Systems (ITS)
- Citywide Pavement Rehabilitation Program Various Local Streets FY 20-21
- Juan Bautista de Anza Multi –Use Trail / El Potrero Park to Lake Perris State Recreation Area
- Juan Bautista de Anza Multi –Use Trail / Iris Avenue to El Potrero Park

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:

- SR-60 Truck Safety and Efficiency Project/ SR-60 Moreno Beach Phase 2
- Juan Bautista de Anza Multi- Use Trail (ATP Cycle 4)
- Citywide Pavement Rehabilitation Program – Phases 1 and 2

Other major projects that are in the Design, Environmental and Right of Way Acquisition Phases are:

- Iris Avenue Corridor Safety Improvements from Heacock St. to Nason St.
- Perris Blvd. Signalized Intersection Safety Improvements
- Overnight Intersection Visibility Systemic Safety Improvements
- Citywide Pavement Rehabilitation Program (FYs 23-24 and 24-25)
- Kitching Street Storm Drain Line B-16 / Ironwood Avenue to Kalmia Avenue
- Senior Center Expansion
- Corporate Yard Office Building F

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

Long-term Liabilities

At year-end, the City’s governmental activities had \$142.0 million in bonds, certificates of participation, compensated absences, pension and OPEB liability and self-insurance claims and judgments.

Outstanding Liabilities at Year End June 30, 2023

	Governmental Activities	Business-type Activities
Direct Placements		
Notes and Other	\$ -	\$ 6,425,772
Other Liabilities		
Lease revenue bonds	23,473,688	46,118,201
Certificates of participation	17,905,000	-
Lease liability	1,852,301	-
SBITA liability	1,003,657	-
Compensated absences	6,897,969	156,958
Net pension and OPEB liability	86,853,979	2,982,714
Self-insurance claims and judgments	4,034,000	-
	\$ 142,020,594	\$ 55,683,645

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.

Implementation of New Accounting Pronouncements

During the Fiscal year ended June 30, 2023, the City implemented the following GASB standard:

GASB Statement No. 96-Subscription based information technology arrangements (SBITAs). SBITAs provide governments with access to vendors' IT software and associated tangible capital assets for subscription payments without granting governments perpetual license or title to the IT software and associated tangible capital assets.

The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

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, 2023, it is important for the City's financial management to report on current issues affecting the City and their economic impact on FY 2022-23 and future years.

The Moreno Valley's local economy has continued to demonstrate steady improvements as our tax revenues continue to experience moderate growth in past years. With a population estimate of 208,289, Moreno Valley remains the second largest city in Riverside County and the fourth largest city in the Inland Empire Region. The population in Moreno Valley remains stable 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 2022-23, several new retail and industrial developments opened, adding to the property and sales tax base which will provide a foundation for tax revenue to continue to grow moderately in the next budget cycle.

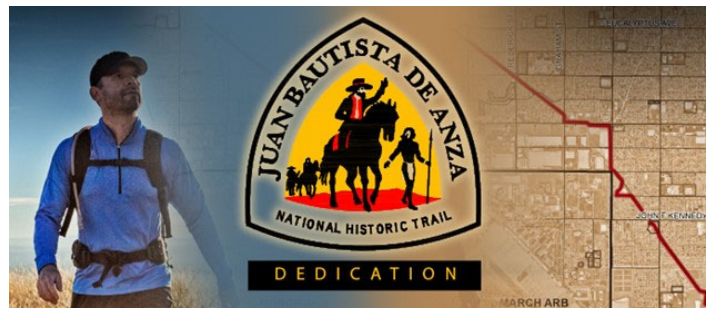
The City's Economic Development Department has been committed to aggressively marketing Moreno Valley as the region's preeminent choice for businesses interested in locating in the Inland Empire. Ideally situated in Southern California, Moreno Valley continues to be a leading location for the logistics industry with an array of developable parcels, available facilities and projects entitled by the nation's most recognized development and investment firms.

The City's credit rating is AA- as assigned by Standard & Poor's. A key factor in achieving and maintaining a 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 for now, we look forward to strategizing and planning our continued economic recovery.

The City is evaluating several economic indicators that are currently slowing the economy to determine how long the Country, State and Region may be in a recessionary period, the States projected \$68 billion deficit heading into fiscal year 2024/25, new legislation creating new unfunded State mandates and Cal Cities push to equitably reallocate sales tax due to the surge in e-commerce sales. Based on our financial position, the City is poised to weather a moderate recession but will continue the fiscal prudence to ensure future budgets are balanced while providing our residents with services to better their quality of life.

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 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, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current Assets:			
Pooled cash and investments (note 3)	\$ 340,192,045	\$ 46,173,693	\$ 386,365,738
Receivables:			
Accounts	7,422,804	9,173,793	16,596,597
Notes and loans (note 4)	50,263,761	-	50,263,761
Notes to Successor Agency (note 4)	9,464,341	-	9,464,341
Leases (note 4)	305,261	-	305,261
Interest	5,884,306	-	5,884,306
Prepaid costs	1,014,694	159,455	1,174,149
Due from other governments	32,149,432	-	32,149,432
Due from other funds	29,522	-	29,522
Inventories	47,367	720,263	767,630
Land held for resale	5,267,471	-	5,267,471
Restricted assets:			
Cash with fiscal agents (note 3)	6,192	2,986,164	2,992,356
Total Current Assets	<u>452,047,196</u>	<u>59,213,368</u>	<u>511,260,564</u>
Noncurrent Assets:			
Leases (note 4)	9,297,238	-	9,297,238
Capital assets - not being depreciated (note 5)	405,289,959	6,918,672	412,208,631
Capital assets - net of accumulated depreciation (note 5)	490,237,296	73,124,297	563,361,593
Right-to-use intangible assets (note 5)	3,007,052	-	3,007,052
Total Noncurrent Assets	<u>907,831,545</u>	<u>80,042,969</u>	<u>987,874,514</u>
Total Assets	<u>1,359,878,741</u>	<u>139,256,337</u>	<u>1,499,135,078</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions (note 8)	23,737,101	462,885	24,199,986
Deferred outflows related to OPEB (note 9)	3,932,185	135,032	4,067,217
Unamortized loss on refunding of debt	2,189,600	-	2,189,600
Deferred outflows - Utility Network	-	4,436,932	4,436,932
Total Deferred Outflows of Resources	<u>29,858,886</u>	<u>5,034,849</u>	<u>34,893,735</u>
Liabilities			
Current Liabilities:			
Accounts payable	44,964,311	2,686,885	47,651,196
Accrued liabilities	1,353,979	-	1,353,979
Accrued interest	203,590	248,518	452,108
Unearned revenue	8,793,786	-	8,793,786
Deposits payable	9,385,188	1,780,998	11,166,186
Due to other governments	6,010,348	-	6,010,348
Due to other funds	29,522	-	29,522
Compensated absences payable (note 6)	4,138,781	94,175	4,232,956
Claims and judgements payable (note 11)	1,287,000	-	1,287,000
Long term debt - net of unamortized premium (note 6)	3,239,169	2,088,563	5,327,732
Total Current Liabilities	<u>79,405,674</u>	<u>6,899,139</u>	<u>86,304,813</u>
Noncurrent Liabilities:			
Compensated absences payable (note 6)	2,759,187	62,783	2,821,970
Claims and judgements payable (note 11)	2,747,000	-	2,747,000
Long term debt - net of unamortized premium (note 6)	40,995,477	50,455,410	91,450,887
Net pension liability (note 8)	81,310,544	2,792,352	84,102,896
Net OPEB liability (note 9)	5,543,435	190,362	5,733,797
Total Noncurrent Liabilities	<u>133,355,643</u>	<u>53,500,907</u>	<u>186,856,550</u>
Total Liabilities	<u>212,761,317</u>	<u>60,400,046</u>	<u>273,161,363</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions (note 8)	2,575,225	88,438	2,663,663
Deferred inflows related to OPEB (note 9)	2,066,272	70,956	2,137,228
Deferred inflows related to leases	9,138,180	-	9,138,180
Total Deferred Inflows of Resources	<u>13,779,677</u>	<u>159,394</u>	<u>13,939,071</u>
Net Position			
Net investment in capital assets	856,489,261	30,453,356	886,942,617
Restricted for:			
Expendable:			
Community development projects	46,500,366	-	46,500,366
Public safety	604,679	-	604,679
Community and cultural	30,105,216	-	30,105,216
Public works	45,019,548	-	45,019,548
Capital projects	36,437,858	-	36,437,858
Debt service	6,029,355	-	6,029,355
Permanent funds	51,578	-	51,578
Public purpose programs	-	10,225,486	10,225,486
Water quality	2,475,298	-	2,475,298
Unrestricted	139,483,474	43,052,904	182,536,378
Total Net Position	<u>\$ 1,163,196,633</u>	<u>\$ 83,731,746</u>	<u>\$ 1,246,928,379</u>

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 26,811,517	\$ 10,276,989	\$ 327,845	\$ -
Public safety	76,207,709	4,197,413	4,616,284	-
Community and economic development	15,911,117	11,883,403	26,378,847	-
Community and cultural	28,558,641	1,208,759	10,477,142	-
Public works	50,775,462	9,580,855	17,164,641	19,979,476
Interest and fiscal charges	2,735,642	-	-	-
Total Governmental Activities	201,000,088	37,147,419	58,964,759	19,979,476
Business-Type Activities:				
Electric	40,907,575	48,711,053	869,816	1,338,613
Total Business-Type Activities	40,907,575	48,711,053	869,816	1,338,613
Total Primary Government	\$ 241,907,663	\$ 85,858,472	\$ 59,834,575	\$ 21,318,089

See notes to Financial Statements

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental Activities:			
General government	\$ (16,206,683)	\$ -	\$ (16,206,683)
Public safety	(67,394,012)	-	(67,394,012)
Community and economic development	22,351,133	-	22,351,133
Community and cultural	(16,872,740)	-	(16,872,740)
Public works	(4,050,490)	-	(4,050,490)
Interest and fiscal charges	(2,735,642)	-	(2,735,642)
Total Governmental Activities	(84,908,434)	-	(84,908,434)
Business-Type Activities:			
Electric	-	10,011,907	10,011,907
Total Business-Type Activities	-	10,011,907	10,011,907
Total Primary Government	(84,908,434)	10,011,907	(74,896,527)
General Revenues:			
Taxes:			
Property taxes	54,491,764	-	54,491,764
Transient occupancy taxes	4,787,129	-	4,787,129
Sales taxes	36,161,809	-	36,161,809
Franchise taxes	7,994,625	-	7,994,625
Business license taxes	2,959,202	-	2,959,202
Utility users taxes	19,501,114	-	19,501,114
Other taxes	10,842,736	-	10,842,736
Franchise in lieu of taxes	1,051,159	-	1,051,159
Documentary transfer tax	954,975	-	954,975
Use of money and property	8,393,925	910,770	9,304,695
Miscellaneous	12,728,963	1,584,151	14,313,114
Total General Revenues and Transfers	159,867,401	2,494,921	162,362,322
Change in Net Position	74,958,967	12,506,828	87,465,795
Net position - Beginning of Year	1,088,237,666	71,224,918	1,159,462,584
Net position - End of Year	\$ 1,163,196,633	\$ 83,731,746	\$ 1,246,928,379
See notes to Financial Statements			

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.

Development Impact Fees

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, administration fees, workforce development facilities, and public art.

Community Services District (CSD) Zones

This group of funds is used to account for the revenues expended on the various Community Services District (CSD) programs. There are eleven special financing districts within the CSD providing services. Each district funds different services based on the requirements set forth at formation. Zone A (Parks and Community Services), Community Facilities District (CFD) No. 1 and CFD 2021-01 provide funding for maintenance and repairs of parks and park improvements and community services throughout the City. Zone C (Arterial Street and Intersection Lighting) and Lighting Maintenance District (LMD) No. 2014-01 provide funding for the operation and maintenance of street lighting provided throughout the City. Zone D (Parkway Landscape Maintenance), Zone E (Extensive Landscape Maintenance), Zone M (Commercial, Industrial, and/or Multifamily Median Maintenance) and LMD 2014-02 provide funding for the maintenance of public landscaping and the landscaped medians within the City's right of way. Zone L (Library Services) provides funding for library services to the City residents. Zone S provides funding for the maintenance of certain public landscape improvements fronting Sunnymead Boulevard from Frederick Street to Perris Boulevard.

Housing Authority

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.

Public Works Capital Projects

This fund is used to account for capital projects including co-op and reimbursement agreements with Riverside County Flood Control (RCFC) and Eastern Municipal Water District (EMWD).

Nonmajor Governmental Funds

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

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2023

	Special Revenue Funds			
	GENERAL FUND	DEVELOPMENT IMPACT FEES	CSD ZONES	HOUSING AUTHORITY
Assets				
Pooled cash and investments (note 3)	\$ 51,139,078	\$ 30,750,658	\$ 80,694,825	\$ 3,560,130
Receivables:				
Accounts	7,072,296	-	329,018	-
Notes and loans (note 4)	-	-	-	33,074,942
Notes to Successor Agency (note 4)	9,464,341	-	-	-
Leases (note 4)	1,629,255	-	7,973,244	-
Interest	1,827,367	-	-	3,297,026
Due from other governments	6,793,509	-	409,876	-
Due from other funds (note 7)	63,304,067	-	-	-
Advances to other funds (note 7)	5,500,000	-	-	-
Prepaid	743,112	-	18,380	-
Land held for resale/development	2,856,471	-	-	2,411,000
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 150,329,496	\$ 30,750,658	\$ 89,425,343	\$ 42,343,098
Liabilities				
Accounts payable	\$ 22,798,736	\$ -	\$ 1,131,027	\$ 65,091
Accrued liabilities	1,313,703	-	-	-
Unearned revenues	1,025,176	-	433,930	-
Deposits payable	9,385,188	-	-	-
Due to other governments	6,010,337	-	11	-
Due to other funds (note 7)	-	-	50,148,589	-
Advances from other funds (note 7)	-	5,500,000	-	-
Total Liabilities	40,533,140	5,500,000	51,713,557	65,091
Deferred Inflows of Resources				
Unavailable revenues	9,601,917	-	-	5,258,082
Leases	1,549,990	-	7,588,190	-
Total Deferred Inflow of Resources	11,151,907	-	7,588,190	5,258,082
Total Liabilities and Deferred Inflows of Resources	51,685,047	5,500,000	59,301,747	5,323,173
Fund Balances (Deficits)				
Nonspendable				
Notes to Successor Agency	2,555,187	-	-	-
Advances to other funds	5,500,000	-	-	-
Prepays	743,112	-	18,380	-
Permanent fund principal	-	-	-	-
Land held for Resale/Redev	2,856,471	-	-	-
Restricted				
Community development projects	-	-	-	37,019,925
Public safety	-	-	-	-
Community and cultural	-	-	30,105,216	-
Public works	-	25,250,658	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Revolving line of credit	2,600,000	-	-	-
Maintenance of pedestrian bridge	255,936	-	-	-
Operating reserve	22,446,030	-	-	-
Library development	-	-	-	-
Assigned				
Continuing appropriations	2,454,543	-	-	-
Economic uncertainty reserve	22,446,030	-	-	-
Grants and federal/state awards	13,115,981	-	-	-
Unassigned	23,671,159	-	-	-
Total Fund Balances (deficits)	98,644,449	25,250,658	30,123,596	37,019,925
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 150,329,496	\$ 30,750,658	\$ 89,425,343	\$ 42,343,098

See notes to Financial Statements

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2023

	<u>Capital Project Fund</u>		
	PUBLIC WORKS CAPITAL PROJECTS	TOTAL NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets			
Pooled cash and investments (note 3)	\$ 22,693,817	\$ 68,882,780	\$ 257,721,288
Receivables:			
Accounts	-	21,443	7,422,757
Notes and loans (note 4)	-	17,188,819	50,263,761
Notes to Successor Agency (note 4)	-	-	9,464,341
Leases (note 4)	-	-	9,602,499
Interest	-	759,913	5,884,306
Due from other governments	50,000	24,896,045	32,149,430
Due from other funds (note 7)	-	-	63,304,067
Advances to other funds (note 7)	-	-	5,500,000
Prepaid	-	216,278	977,770
Land held for resale/development	-	-	5,267,471
Restricted assets:			
Cash with fiscal agents (note 3)	-	6,192	6,192
Total Assets	\$ 22,743,817	\$ 111,971,470	\$ 447,563,882
Liabilities			
Accounts payable	\$ 7,102,878	\$ 11,882,491	\$ 42,980,223
Accrued liabilities	-	40,276	1,353,979
Unearned revenues	3,200,980	755,899	5,415,985
Deposits payable	-	-	9,385,188
Due to other governments	-	-	6,010,348
Due to other funds (note 7)	-	13,155,478	63,304,067
Advances from other funds (note 7)	-	-	5,500,000
Total Liabilities	10,303,858	25,834,144	133,949,790
Deferred Inflows of Resources			
Unavailable revenues	-	19,499,119	34,359,118
Leases	-	-	9,138,180
Total Deferred Inflow of Resources	-	19,499,119	43,497,298
Total Liabilities and Deferred Inflows of Resources	10,303,858	45,333,263	177,447,088
Fund Balances (Deficits)			
Nonspendable			
Notes to Successor Agency	-	-	2,555,187
Advances to other funds	-	-	5,500,000
Prepays	-	216,278	977,770
Permanent fund principal	-	288,098	288,098
Land held for Resale/Redev	-	-	2,856,471
Restricted			
Community development projects	-	9,480,440	46,500,365
Public safety	-	604,679	604,679
Community and cultural	-	-	30,105,216
Public works	-	19,768,888	45,019,546
Capital projects	12,439,959	23,997,900	36,437,859
Water quality	-	2,475,298	2,475,298
Debt service	-	6,029,354	6,029,354
Endowment	-	51,577	51,577
Committed			
Revolving line of credit	-	-	2,600,000
Maintenance of pedestrian bridge	-	-	255,936
Operating reserve	-	-	22,446,030
Library development	-	7,768,000	7,768,000
Assigned			
Continuing appropriations	-	-	2,454,543
Economic uncertainty reserve	-	-	22,446,030
Grants and federal/state awards	-	-	13,115,981
Unassigned	-	(4,042,305)	19,628,854
Total Fund Balances (deficits)	12,439,959	66,638,207	270,116,794
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	\$ 22,743,817	\$ 111,971,470	\$ 447,563,882

See notes to Financial Statements

City of Moreno Valley, California
Reconciliation of the Balance Sheet
to the Statement of Net Position
June 30, 2023

Fund balances of governmental funds	\$ 270,116,794
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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)	1,531,352,004	
Accumulated depreciation (excludes internal service accumulated depreciation)	(647,431,105)	
Right-to-use intangible asset (net of amortization)	3,007,052	
		886,927,951
2014 Refunding of 2005 Lease Revenue Bonds	(22,602,069)	
2020 Refunding Total Road Improvements Certificates of Participation	(17,905,000)	
Unamortized Premium/Discount	(871,619)	
Compensated Absences	(6,636,103)	
Lease and SBITA liability	(2,855,958)	
		(50,870,749)

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	30,981,319
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Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds	(203,590)
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Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the governmental funds	27,669,286
--	------------

Deferred charge related to refunding of debt is reported as current financial uses in the governmental funds but treated as a deferred outflow on the Statement of Net Position. This is the difference between the reacquisition price and the carrying value of the refunded debt.	2,189,600
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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	(5,543,435)	
Net pension liability	(81,310,544)	
		(86,853,979)

Deferred inflows of resources related to pensions and OPEB are not current obligation and are not reported in the governmental funds	(4,641,497)
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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	87,881,498
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Net position of governmental activities	<u><u>\$1,163,196,633</u></u>
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See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			
	GENERAL FUND	DEVELOPMENT IMPACT FEES	CSD ZONES	HOUSING AUTHORITY
Revenues				
Taxes:				
Property taxes	\$ 47,207,562	\$ -	\$ 7,284,202	\$ -
Sales taxes	36,161,809	-	-	-
Utility users taxes	19,501,114	-	-	-
Other taxes	20,930,742	-	7,274,142	-
Licenses and permits	4,254,783	-	-	-
Intergovernmental	607,686	-	58,366	-
Fees and charges for services	15,931,642	6,720,385	6,098,568	-
Use of money and property	4,910,748	497,992	1,095,153	181,727
Fines and forfeitures	678,067	-	3,748	-
Miscellaneous	10,383,637	-	40,239	5,690
Total Revenues	160,567,790	7,218,377	21,854,418	187,417
Expenditures				
Current:				
General government	20,026,089	-	-	-
Public safety	49,946,422	-	-	-
Community and economic development	13,435,228	-	-	471,374
Community and cultural	-	-	15,772,492	-
Public works	10,116,764	-	6,346,598	-
Debt service:				
Principal retirement	882,176	-	185,921	-
Interest	60,997	-	42,814	-
Capital outlay	3,030,793	-	735,551	-
Total Expenditures	97,498,469	-	23,083,376	471,374
Excess (deficiency) of Revenues over Expenditures	63,069,321	7,218,377	(1,228,958)	(283,957)
Other Financing Sources (Uses)				
Transfers in (note 7)	758,451	1,295,962	8,124,784	-
Transfers out (note 7)	(64,222,671)	(5,053,037)	(48,521)	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	1,775,199	-	-	-
Total Other Financing Sources (uses)	(61,689,021)	(3,757,075)	8,076,263	-
Net change in fund balances	1,380,300	3,461,302	6,847,305	(283,957)
Fund Balances				
Fund Balances - Beginning of Year	97,264,149	21,789,356	23,276,291	37,303,882
Fund Balances - End of Year	\$ 98,644,449	\$ 25,250,658	\$ 30,123,596	\$ 37,019,925

See notes to Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Funds
 For the Year Ended June 30, 2023

	<u>Capital Project Fund</u>		<u>TOTAL</u>
	<u>PUBLIC WORKS</u>	<u>TOTAL NONMAJOR</u>	<u>GOVERNMENTAL</u>
	<u>CAPITAL PROJECTS</u>	<u>FUNDS</u>	<u>FUNDS</u>
Revenues			
Taxes:			
Property taxes	\$ -	\$ -	\$ 54,491,764
Sales taxes	-	-	36,161,809
Utility users taxes	-	-	19,501,114
Other taxes	-	384,941	28,589,825
Licenses and permits	-	-	4,254,783
Intergovernmental	50,000	71,705,717	72,421,769
Fees and charges for services	-	11,398,745	40,149,340
Use of money and property	-	612,621	7,298,241
Fines and forfeitures	-	-	681,815
Miscellaneous	18	393,232	10,822,816
Total Revenues	50,018	84,495,256	274,373,276
Expenditures			
Current:			
General government	-	2,209,721	22,235,810
Public safety	-	24,979,575	74,925,997
Community and economic development	-	1,811,713	15,718,315
Community and cultural	-	10,338,368	26,110,860
Public works	-	7,740,533	24,203,895
Debt service:			
Principal retirement	-	2,776,583	3,844,680
Interest	-	1,483,332	1,587,143
Capital outlay	40,863,021	38,071,218	82,700,583
Total Expenditures	40,863,021	89,411,043	251,327,283
Excess (deficiency) of Revenues over Expenditures	(40,813,003)	(4,915,787)	23,045,993
Other Financing Sources (Uses)			
Transfers in (note 7)	26,745,287	12,468,312	49,392,796
Transfers out (note 7)	-	(2,630,340)	(71,954,569)
Transfers from Successor Agency	-	150,000	150,000
SBITA acquisition	-	27,583	1,802,782
Total Other Financing Sources (uses)	26,745,287	10,015,555	(20,608,991)
Net change in fund balances	(14,067,716)	5,099,769	2,437,003
Fund Balances			
Fund Balances - Beginning of Year	26,507,675	61,538,438	267,679,791
Fund Balances - End of Year	\$ 12,439,959	\$ 66,638,207	\$ 270,116,794

See notes to Financial Statements

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, 2023

Net change in fund balances - total government funds \$ 2,437,003

Amounts reported for governmental activities in the statement of activities 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, net of disposals	88,566,517	
Depreciation expense	(36,424,621)	
		52,141,896
Repayment of debt	2,749,000	
Amortization of bond premiums	189,649	
Amortization of lease and SBITA	1,095,678	
Deferred charge	(307,955)	
Lease and SBITA acquisitions	(1,699,416)	
		2,026,956

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period 14,839

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 (606,525)

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 (1,566,055)

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 1,491,482

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 19,019,371

Change in net position of governmental activities \$ 74,958,967

See notes to Financial Statements

City of Moreno Valley, California
GENERAL FUND
Budgetary Comparison Statement
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Taxes:				
Property taxes	\$ 44,461,593	\$ 45,361,593	\$ 47,207,562	\$ 1,845,969
Sales taxes	23,005,000	36,725,489	36,161,809	(563,680)
Utility users taxes	15,717,540	15,717,540	19,501,114	3,783,574
Other taxes	16,653,787	17,044,481	20,930,742	3,886,261
Licenses and permits	5,364,135	5,630,325	4,254,783	(1,375,542)
Intergovernmental	345,000	639,963	607,686	(32,277)
Fees and charges for services	13,097,871	14,393,395	15,931,642	1,538,247
Use of money and property	4,669,753	4,684,136	4,910,748	226,612
Fines and forfeitures	504,500	596,952	678,067	81,115
Miscellaneous	167,000	8,056,421	10,383,637	2,327,216
Total revenues	123,986,179	148,850,295	160,567,790	11,717,495
Expenditures				
Current:				
General government				
City council	989,295	1,026,248	818,170	208,078
City manager	1,935,916	2,602,268	1,905,521	696,747
City clerk	926,131	1,223,051	891,277	331,774
City attorney	486,154	486,154	1,588,974	(1,102,820)
Financial and management services	13,756,573	14,997,203	11,276,602	3,720,601
Non-departmental	1,578,190	464,816	3,545,545	(3,080,729)
Public safety				
Police	53,921,492	37,214,131	26,784,822	10,429,309
Fire	23,554,625	23,050,035	23,161,600	(111,565)
Community and economic development	13,065,859	15,548,040	13,435,228	2,112,812
Public works	9,135,500	11,023,438	10,116,764	906,674
Total current	119,349,735	107,635,384	93,524,503	14,110,881
Debt service:				
Principal retirement	-	-	882,176	(882,176)
Interest	-	-	60,997	(60,997)
Total debt service	-	-	943,173	(943,173)
Capital outlay	907,575	3,016,760	3,030,793	(14,033)
Total Expenditures	120,257,310	110,652,144	97,498,469	13,153,675
Excess (deficiency) of revenues over expenditures	3,728,869	38,198,151	63,069,321	24,871,170
Other Financing Sources (Uses)				
SBITA acquisition	-	-	1,775,199	1,775,199
Transfers in (note 7)	845,573	1,089,216	758,451	(330,765)
Transfers out (note 7)	(4,565,102)	(41,323,751)	(64,222,671)	(22,898,920)
Total Other Financing Sources (uses)	(3,719,529)	(40,234,535)	(61,689,021)	(21,454,486)
Net change in fund balances	9,340	(2,036,384)	1,380,300	3,416,684
Fund balances - Beginning of Year	97,264,149	97,264,149	97,264,149	-
Fund balances - Ending of Year	\$ 97,273,489	\$ 95,227,765	\$ 98,644,449	\$ 3,416,684

See notes to Financial Statements

**City of Moreno Valley, California
DEVELOPMENT IMPACT FEES
Budgetary Comparison Statement
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 3,191,275	\$ 5,845,257	\$ 6,720,385	\$ 875,129
Use of money and property	359,837	359,837	497,992	138,155
Total Revenues	3,551,112	6,205,094	7,218,377	1,013,284
 Excess (deficiency) of Revenues over Expenditures	 3,551,112	 6,205,094	 7,218,377	 1,013,284
 Other Financing Sources (Uses)				
Transfers in (note 7)	1,059,115	1,295,962	1,295,962	-
Transfers out (note 7)	(1,992,712)	(5,178,037)	(5,053,037)	125,000
Total Other Financing Sources (uses)	(933,597)	(3,882,075)	(3,757,075)	125,000
 Net Change in Fund Balances	 2,617,515	 2,323,019	 3,461,302	 1,138,284
Fund Balances - Beginning of Year	21,789,356	21,789,356	21,789,356	-
Fund Balances - End of Year	\$ 24,406,871	\$ 24,112,375	\$ 25,250,658	\$ 1,138,284

See notes to Financial Statements

City of Moreno Valley, California
CSD ZONES
Budgetary Comparison Statement
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes:				
Property taxes	\$ 6,066,819	\$ 6,066,819	\$ 7,284,202	\$ 1,217,383
Other taxes	6,727,600	6,767,100	7,274,142	507,042
Intergovernmental	-	32,035	58,366	26,331
Fees and charges for services	5,918,779	5,918,779	6,098,568	179,789
Use of money and property	1,122,455	995,954	1,095,153	99,199
Fines and forfeitures	30,000	30,000	3,748	(26,252)
Miscellaneous	25,210	25,210	40,239	15,022
Total Revenues	19,890,863	19,835,897	21,854,418	2,018,514
Expenditures				
Current:				
Public works	8,530,353	9,805,894	6,346,598	3,459,296
Community and cultural	15,013,763	16,585,483	15,772,492	812,991
Debt service:				
Principal retirement	-	-	185,921	(185,921)
Interest	-	-	42,814	(42,814)
Capital outlay	72,000	7,094,029	735,551	6,358,477
Total Expenditures	23,616,116	33,485,406	23,083,376	10,402,028
Excess (deficiency) of Revenues over Expenditures	(3,725,253)	(13,649,509)	(1,228,958)	12,420,543
Other Financing Sources (Uses)				
Transfers in (note 7)	1,722,336	8,722,929	8,124,784	(598,145)
Transfers out (note 7)	(298,521)	(48,521)	(48,521)	-
Total Other Financing Sources (uses)	1,423,815	8,674,408	8,076,263	(598,145)
Net Change in Fund Balances	(2,301,438)	(4,975,101)	6,847,305	11,822,398
Fund Balances - Beginning of Year	23,276,291	23,276,291	23,276,291	-
Fund Balances - End of Year	\$ 20,974,853	\$ 18,301,190	\$ 30,123,596	\$ 11,822,398

See notes to Financial Statements

City of Moreno Valley, California
HOUSING AUTHORITY
Budgetary Comparison Statement
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 75,000	\$ 75,000	\$ 181,727	\$ 106,727
Miscellaneous	-	-	5,690	5,690
Total Revenues	75,000	75,000	187,417	112,417
Expenditures				
Current:				
Community and economic development	165,000	279,870	471,374	(191,504)
Total Expenditures	165,000	279,870	471,374	(191,504)
Excess (deficiency) of Revenues over Expenditures	(90,000)	(204,870)	(283,957)	(79,086)
Net Change in Fund Balance	(90,000)	(204,870)	(283,957)	(79,086)
Fund Balances - Beginning of Year	37,303,882	37,303,882	37,303,882	-
Fund Balances - End of Year	\$ 37,213,882	\$ 37,099,012	\$ 37,019,925	\$ (79,086)

See notes to Financial Statements

City of Moreno Valley, California
PUBLIC WORKS CAPITAL PROJECTS
Budgetary Comparison Statement
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 14,743,811	\$ 50,000	\$ (14,693,811)
Miscellaneous	-	-	18	18
Total Revenues	-	14,743,811	50,018	(14,693,793)
Expenditures				
Capital outlay	-	67,792,634	40,863,021	26,929,612
Total Expenditures	-	67,792,634	40,863,021	26,929,612
Excess (deficiency) of Revenues over Expenditures	-	(53,048,823)	(40,813,003)	12,235,819
Other Financing Sources (Uses)				
Transfers in (note 7)	-	26,745,287	26,745,287	-
Total Other Financing Sources (uses)	-	26,745,287	26,745,287	-
Net Change in Fund Balances	-	(26,303,536)	(14,067,716)	12,235,819
Fund Balances - Beginning of Year	26,507,675	26,507,675	26,507,675	-
Fund Balances - End of Year	\$ 26,507,675	\$ 204,139	\$ 12,439,959	\$ 12,235,819

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, 2023

	Business-type Activities ENTERPRISE FUND - ELECTRIC	Governmental Activities INTERNAL SERVICE FUNDS
Assets		
Current assets:		
Pooled cash and investments (note 3)	\$ 46,173,693	\$ 82,470,757
Receivables:		
Accounts	9,173,793	47
Prepaid costs	159,455	36,924
Inventories	720,263	47,367
Restricted:		
Cash with fiscal agent (note 3)	2,986,164	-
Total Current Assets	59,213,368	82,555,095
Noncurrent assets:		
Capital assets - net of accumulated depreciation	80,042,969	11,606,356
Total Noncurrent Assets	80,042,969	11,606,356
Total Assets	139,256,337	94,161,451
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	462,885	-
Deferred outflows of resources related to OPEB	135,032	-
Deferred outflows - Utility Network	4,436,932	-
Total Deferred Outflows of Resources	5,034,849	-
Total Assets and Deferred Outflows of Resources	\$ 144,291,186	\$ 94,161,451
Liabilities		
Current liabilities:		
Accounts payable	2,686,885	1,984,088
Accrued interest	248,518	-
Deposits payable	1,780,998	-
Compensated absences (note 6)	94,175	157,119
Self-insurance payable (note 11)	-	1,287,000
Bonds, notes and loans payable (note 6)	2,088,563	-
Total current liabilities	6,899,139	3,428,207
Noncurrent liabilities:		
Compensated absences (note 6)	62,783	104,746
Self-insurance payable (note 11)	-	2,747,000
Bonds, notes and loans payable (note 6)	50,455,410	-
Net pension liability	2,792,352	-
Net OPEB liability	190,362	-
Total Noncurrent Liabilities	53,500,907	2,851,746
Total Liabilities	60,400,046	6,279,953
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	88,438	-
Deferred inflows of resources related to OPEB	70,956	-
Total Deferred Inflows of Resources	159,394	-
Net Position		
Net investment in capital assets	30,453,356	11,606,356
Restricted for Public purpose programs	10,225,486	-
Unrestricted	43,052,904	76,275,142
Total Net Position	83,731,746	87,881,498
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 144,291,186	\$ 94,161,451

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, 2023

	<u>Business-type Activities</u>	<u>Governmental Activities</u>
	<u>ENTERPRISE FUND - ELECTRIC</u>	<u>INTERNAL SERVICE FUNDS</u>
Operating Revenues		
Sales and service charges	\$ 49,580,869	\$ 8,956,787
Miscellaneous	1,584,151	11,745
Total Operating Revenues	<u>51,165,020</u>	<u>8,968,532</u>
Operating Expenses		
Cost of services	2,071,181	7,774,835
Depreciation expense	2,804,230	1,010,185
Amortization - utility distribution system	177,477	-
Electricity purchased	16,385,619	-
Services and supplies	9,370,977	-
Distribution share	8,432,647	-
Self-insurance claims and charges	-	3,725,914
Total Operating Expenses	<u>39,242,131</u>	<u>12,510,934</u>
Operating income (loss)	<u>11,922,889</u>	<u>(3,542,402)</u>
Nonoperating Revenues (Expenses)		
Interest revenue	910,770	-
Interest expense and debt issuance costs	(1,611,654)	-
Gain (loss) on disposal of capital assets	(53,790)	-
Total Nonoperating Revenues (Expenses)	<u>(754,674)</u>	<u>-</u>
Income (loss) before transfers and contributions	11,168,215	(3,542,402)
Transfers and Contributions		
Contributed capital	1,338,613	-
Transfers in (note 7)	-	24,270,000
Transfers out (note 7)	-	(1,708,227)
Change in net position	<u>12,506,828</u>	<u>19,019,371</u>
Total net position - beginning	71,224,918	68,862,127
Total net position - ending	<u>\$ 83,731,746</u>	<u>\$ 87,881,498</u>

See notes to Financial Statements

City of Moreno Valley, California
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities ENTERPRISE FUND - ELECTRIC	Governmental Activities INTERNAL SERVICE FUNDS
Cash Flows from Operating Activities		
Cash receipts from customers	\$ 48,884,750	\$ 8,968,485
Payments to suppliers	(35,259,090)	(4,527,843)
Payments to employees	(1,481,260)	(1,684,778)
Cash paid for claims	-	(2,358,914)
Net cash provided (used) by operating activities	12,144,400	396,950
Cash Flows from Noncapital Financing Activities		
Cash transfers in	-	24,270,000
Cash transfers out	-	(1,708,227)
Net cash provided (used) by noncapital financing activities	-	22,561,773
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(1,922,464)	(1,536,502)
Principal paid on capital debt	(2,089,405)	-
Interest paid on capital debt	(1,624,685)	-
Net cash provided (used) by capital and related financing activities	(5,636,554)	(1,536,502)
Cash Flows from Investing Activities		
Interest received	910,770	-
Net cash provided (used) by investing activities	910,770	-
Net increase (decrease) in cash and cash equivalents	7,418,616	21,422,221
Balances - beginning of year	41,741,241	61,048,536
Balances - end of the year	\$ 49,159,857	\$ 82,470,757
Reconciliation to Statement of Net Position:		
Cash and investments	\$ 46,173,693	\$ 82,470,757
Restricted cash with fiscal agent	2,986,164	-
Net cash provided (used) by capital and related financing activities	\$ 49,159,857	\$ 82,470,757
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating Income	\$ 11,922,889	\$ (3,542,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,804,230	1,010,185
Amortization	177,477	-
Changes in assets and liabilities:		
(Increase) decrease in customer receivables	(2,280,270)	(47)
(Increase) decrease in prepaid cost	(75,291)	(34,962)
(Increase) decrease in deferred outflows related to pension	(129,929)	-
(Increase) decrease in deferred outflows related to OPEB	(16,315)	-
(Increase) decrease in inventories	(263,430)	11,528
Increase (decrease) in accounts payable	(598,514)	1,596,717
Increase (decrease) in deposit payable	(132,612)	-
Increase (decrease) in self insurance payable	-	1,367,000
Increase (decrease) in net pension liability	1,395,273	-
Increase (decrease) in OPEB liability	15,230	-
Increase (decrease) in deferred inflows related to pension	(504,096)	-
Increase (decrease) in deferred inflows related to OPEB	(18,874)	-
Increase (decrease) in compensated absences	(151,368)	(11,069)
Net cash provided (used) by operating activities	\$ 12,144,400	\$ 396,950
Non-Cash Investing, Capital, and Financing Activities:		
Developer contributed	\$ 1,338,613	\$ -
Amortization of bond premium/discount	9,399	-

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 Custodial Funds and Private-purpose Funds. Custodial funds are used to report resources held by the agency in a purely custodial capacity. Custodial 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
June 30, 2023

	Private-Purpose Trust Funds	
	Successor Agency of the Former RDA	Custodial Funds
Assets		
Pooled cash and investments (note 12)	\$ 1,791,365	\$ 1,599,900
Cash with fiscal agents (note 12)	11,732	-
Total Assets	1,803,097	1,599,900
Liabilities		
Accounts payable	-	1,599,900
Accrued interest	627,868	-
Long term debt - due in more than one year	50,181,503	-
Total Liabilities	50,809,371	1,599,900
Net Position		
Held in trust for other purposes	(49,006,274)	-
Total Net Position	\$ (49,006,274)	\$ -

See notes to Financial Statements

City of Moreno Valley, California
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

	Private-Purpose Trust Funds	
	Successor Agency of the Former RDA	Custodial Funds
Additions		
Investment earnings		
Interest	\$ 11,729	\$ -
Total investment earnings	11,729	-
Revenues		
Receipts from property owners	-	569,910
Taxes	3,349,676	-
Total Revenues	3,349,676	569,910
Total Additions	3,361,405	569,910
Deductions		
Administrative expenses	257,855	-
Contractual services	268,770	-
Due to trustee	-	488,762
Interest expenses	1,976,871	-
Payments to trustee	-	81,148
Transfers to City	150,000	-
Total Deductions	2,653,496	569,910
Net increase (decrease) in fiduciary net position	707,909	-
Net Position - Beginning of Year	(49,714,183)	-
Net Position - End of the Year	\$ (49,006,274)	\$ -

See notes to Financial Statements

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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 Districts No. 5 (Stoneridge), 7 (Improvement Area 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, 2023**

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, 2023**

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 custodial funds also employ the economic resources measurement focus and apply the accrual basis of accounting when 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 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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 eleven 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 certain residential subdivision street lighting. Zone C - Arterial and Intersection Street Lighting provides funding for the operation and maintenance of certain arterial and intersection street lighting. Landscape Maintenance District (LMD) 2014-02, Zone D and Zone E provide funding for the maintenance of certain 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 certain parks, trails and class 1 bikeways. Zone S – Sunnymead Boulevard Maintenance provides funding for the maintenance of certain landscape improvements along Sunnymead Boulevard. Community Facilities District (CFD) 2021-01 Parks Facility Maintenance provides funding for maintenance and repairs of certain parks and park improvements.

The Housing Authority accounts for the housing assets as a result of the dissolution of the former Community Redevelopment Agency of the City.

Public Works Capital Projects Fund accounts for capital projects including co-op and reimbursement agreements with Riverside County Flood Control (RCFC) and Eastern Municipal Water District (EMWD).

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, unfunded liabilities, 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 Custodial 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 MSHCP Trust fund and various pass through activities.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

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.

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 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 uncollectible.

Lease Receivables:

The City is a lessor for leases of land, building, and equipment and recognizes lease receivables and deferred inflows of resources in the government-wide and governmental fund financial statements. Variable payments based on future performance or usage of the underlying asset are not included in the measurement of the lease receivable.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

At the commencement of a lease, the lease receivable is measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received on or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses incremental borrowing rate (IBR) provided by the financial institution on July 1, 2021 for existing leases or the current rate at the time a new lease is executed.
- The lease term includes the noncancellable period of the lease plus any option periods that are likely to be exercised.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 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 \$10,000 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

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	20 - 50

Deferred Outflows and Inflows of Resources:

In accordance with GAAP, the City recognizes deferred outflows and inflows of resources. A deferred outflow of resources represents a consumption of net assets that applies to future periods. A deferred inflow of resources represents an acquisition of net assets that applies to future periods. Refer to Note 8 and Note 9 for the list of deferred outflows and deferred inflows of resources related to Pension and OPEB of the City, recognized as of June 30, 2023.

Deferred inflows of resources related to rental revenues from leased assets under GASB Statement No. 87 are reported in the balance sheet of governmental fund financial statements. These amounts are deferred and recognized as an inflow of resources until amortized.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

Unfunded liabilities:

The City accounts for the accumulation of cash reserves to provide for payment of future unfunded liabilities, such as those associated with employee benefits like Pension, OPEB, and Compensated Absence, attributable to services already rendered. 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.

Lease Liabilities:

The City is a lessee for a noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

SBITA Liabilities:

The City is in agreements for a noncancellable right to use various external software. The City recognizes a SBITA liability and an intangible right-to-use SBITA asset (SBITA asset) in the government-wide financial statements.

At the commencement of a SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the agreement term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The SBITA term includes the noncancellable period of the SBITA. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure any SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

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.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2023

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

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.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

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.

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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

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, 2023, the City implemented the following GASB standards:

GASB Statement No. 96-Subscription based information technology arrangements (SBITAs). The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs.

This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize subscription liability and an intangible right-to-use subscription asset, thereby enhancing the relevance and consistency of information about governments' subscription activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship.

The effect of this implementation is the inclusion of financial information within the General Fund and Other Grants Fund. The implementation of this statement resulted in no prior period adjustment however did result in rises in Right-to-Use Intangible Assets and SBITA Liabilities, which are reported in the government-wide statement of net position and governmental funds balance sheet. The Right-to-Use Intangible Assets and SBITA Liabilities are deferred and amortized until matured.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 2 Stewardship, Compliance and Accountability

a. Budget Information

Budgets are legally adopted and formal budgetary integration is employed as a management control device during the year for all governmental fund types. The budget is prepared on a GAAP (Generally Accepted Accounting Principles) basis.

From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various City departments.

The City Council may amend the budget only during a regular meeting, providing that sufficient monies are available and that expenditures of proceeds of taxes will not be increased beyond the constitutional appropriation limit as imposed by Article XIIIB of the State Constitution.

The City's formal budgetary process begins at the operating program level. Departmental budgets are comprised of the various operating program budgets. Individual fund budgets consist of 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, as long as these transfers are made at the line item level within each operating program and do not result in an increase in 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, 2023**

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 attorney	\$ 486,154	\$ 1,588,974	\$ 1,102,820
Non-departmental	464,816	3,545,545	3,080,729
Public safety			
Fire	23,050,035	23,161,600	111,565
Debt Service			
Principal retirement	-	882,176	882,176
Interest	-	60,997	60,997
Capital outlay	3,016,760	3,030,793	14,033
CSD Zones			
Debt Service			
Principal retirement	-	185,921	185,921
Interest	-	42,814	42,814
Housing Authority			
Community and economic development	279,870	471,374	191,504
Public Education Government Access			
General government	575,006	661,349	86,343
Other Grants			
Public works	-	14,848	14,848
Debt Service			
Principal retirement	-	27,583	27,583
Neighborhood Stabilization Grant			
Community and economic development	-	2,586	2,586
American Rescue Plan			
Public safety	23,815,616	24,299,122	483,506

c. Fund Deficits

The following funds contained a deficit fund balance as of June 30, 2023:

Nonmajor Governmental Funds	
Special Revenue Funds:	
Other Grants	\$ 7,182
Capital Projects Grants	486,398
Capital Project Funds:	
TUMF Capital Projects	3,542,006

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2023

Note 3 Cash and Investments

As of June 30, 2023, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	\$	340,198,237
Business-type Activities		49,159,857
Fiduciary Funds		3,402,997
Total Cash and Investments	\$	<u>392,761,091</u>

Cash and investments as of June 30, 2023, consist of the following:

Cash and Cash Equivalents		
Petty Cash and Cash Boxes	\$	10,690
Demand Deposits		508,909
Investments		389,237,404
Cash with Fiscal Agents		3,004,088
Total Cash and Investments	\$	<u>392,761,091</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, 2023**

Note 3 Cash and Investments (Continued)

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.

GASB Statements No. 31 and 72:

In accordance with the generally accepted accounting principles, 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, 2023, the City's investment in medium term notes consisted of investments with Abbott Laboratories, Amazon, Apple, Bank of Montreal, Berkshire Hathaway, Caterpillar, Charles Schwab, Guardian Life, JP Morgan Chase, Mass Mutual Insurance, Merck, MetLife, Morgan Stanley, New York Life Global, Northwestern Mutual, Northern Trust, Deere & Company, U.S. Bancorp, Target, Toyota Motor Corporation, Paccar Financial, Prologis, Bank of America, Prudential Financial, Realty Income, Royal Bank of Canada, Salesforce, Toronto Dominion Bank, and United Healthcare Group, and Wal-Mart. As of June 30, 2023, 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. US Treasury securities hold ratings of AA+ by S&P and Fitch, and AAA by Moody's, making them the "risk-free" security in the US. Consequently, their credit quality is not disclosed. As of June 30, 2023, the City's investments in external investment pools and investment agreements are unrated.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 3 Cash and Investments (Continued)

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 \$2,953,248 at June 30, 2023. 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 securities in the City's name. This is the lowest level of custodial credit risk exposure.

Interest Rate Risk:

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's investment portfolio will not directly invest in securities maturing in more than five years. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk.

As of June 30, 2023, the City had the following investments and original maturities:

Investment Type	Less than 1 year	1 to 3 years	3 to 5 years	Fair Value
Local Agency Investment Fund	\$ 122,233,001	\$ -	\$ -	\$ 122,233,001
US Treasury Notes	55,853,914	23,677,091	35,367,367	114,898,372
Corporate	-	34,364,596	19,040,964	53,405,560
US Agency	5,900,640	30,961,060	3,163,984	40,025,684
Asset Backed Security	307,626	11,315,837	8,755,826	20,379,289
Supranational	-	13,723,790	3,363,802	17,087,592
Collateralized Mortgage Obligations	-	566,126	10,753,038	11,319,164
Municipal Bonds	-	1,841,749	-	1,841,749
Money Market Funds	488,010	-	-	488,010
Held By Bond Trustee:				
Money Market Funds	5,447,150	-	-	5,447,150
PARS Section 115 Trust	5,115,921	-	-	5,115,921
Totals	\$ 195,346,262	\$ 116,450,249	\$ 80,444,981	\$ 392,241,492

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 3 Cash and Investments (Continued)

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	Portfolio	Investment in
U.S. Treasury bills, notes and bonds	5 years	None	None
Government Sponsored Enterprises (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 agencies in 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	40%	5%
Negotiable Certificates of Deposits	5 years	30%	5%
CD Placement Service	5 years	30%	5%
Repurchase Agreements	1 year	None	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%

As of June 30, 2023, the City is in compliance with the investment policy restriction.

In accordance with GAAP, 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 Mortgage Corp	5.37%
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Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 3 Cash and Investments (Continued)

Fair Value Measurement:

In accordance with GAAP, the City 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.

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:

Investments by Fair Value Level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Asset Backed Security	\$ 20,379,289	\$ 20,379,289
Agency	40,025,684	40,025,684
Collateralized Mortgage Obligations	11,319,164	11,319,164
Corporate	53,405,560	53,405,560
Municipal Bonds	1,841,749	1,841,749
Supranationals	17,087,592	17,087,592
US Treasury Notes	114,898,372	114,898,372
Money Market Funds	488,010	488,010
Held by Trustee:		
Money Market Funds	5,447,150	5,447,150
Total	264,892,570	\$ 264,892,570
Uncategorized:		
Local Agency Investment Fund	122,233,001	
PARS Section 115 Trust	5,115,921	
Total Uncategorized	127,348,922	
Total Investments measured at Fair Value	\$ 392,241,492	

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, 2023**

Note 4 Notes, Loans, and Lease Receivables

a. Notes and Loans Receivable

Notes and loans receivables of \$50,263,761 consist primarily of revolving home improvement and other housing loans and are due beyond one year.

A summary of amounts owed as of June 30, 2023, follows:

	Housing Authority	Nonmajor Governmental Funds	Total
Cottonwood Properties	\$ 2,124,023	\$ 2,013,373	\$ 4,137,396
Sheila Street Rehabilitation	2,651,875	-	2,651,875
RHDC Properties	1,794,958	2,709,785	4,504,744
Coachella Valley Housing Coalition	1,102,903	-	1,102,903
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	1,525,474	7,825,474
Courtyards at Cottonwood	2,010,000	4,420,682	6,430,682
Others	353,265	5,832,505	6,185,770
Totals	\$ 33,074,942	\$ 17,188,819	\$ 50,263,761

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, 2023, the balance of \$9,464,341 consists of the following:

The Towngate Regional Mall notes (Sears Note) totaling \$7,431,155 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, 2023, accrued interest amounts to \$2,033,186.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 4 Notes, Loans, and Lease Receivables (continued)

c. Lease Receivables

Lease receivables consist of agreements with others for the right-to-use of the underlying assets for land, building, and infrastructure owned by the City at various locations. The remaining terms of the agreement range from 1 to 38 years. The average incremental borrowing rate was 1.95%. For the year ended June 30, 2023, the City recognized \$65,312 and \$220,177 in lease revenue and \$45,147 and \$159,015 in interest revenue for General Fund and CSD Zones, respectively. The outstanding receivables are in the amount of \$9,602,499 as of as of June 30, 2023.

Year Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 305,261	\$ 225,143	\$ 530,404
2025	326,144	218,681	544,825
2026	348,916	211,778	560,694
2027	337,027	204,473	541,500
2028	328,790	197,181	525,971
2029 - 2033	1,984,400	859,190	2,843,590
2034 - 2038	1,972,864	616,065	2,588,929
2039 - 2043	1,565,430	409,815	1,975,245
2044 - 2048	1,659,970	199,737	1,859,707
2049 - 2053	246,198	84,993	331,191
2054 - 2058	317,625	48,798	366,423
2059 - 2061	209,874	7,835	217,709
Totals	<u>\$ 9,602,499</u>	<u>\$ 3,283,689</u>	<u>\$ 12,886,188</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 5 Capital Assets

The following is a schedule of changes in governmental activities capital assets for the year ended June 30, 2023.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Non-Depreciable Assets:				
Land	\$ 306,923,318	\$ 490,291	\$ -	\$ 307,413,609
Construction in progress	36,836,825	78,465,041	(17,425,516)	97,876,350
Total Non-Depreciable Assets	<u>343,760,143</u>	<u>78,955,332</u>	<u>(17,425,516)</u>	<u>405,289,959</u>
Depreciable Assets:				
Buildings and Improvements	159,022,093	310,906	-	159,332,999
Furniture and Equipment	26,345,126	6,274,022	(6,695)	32,612,453
Vehicles	12,512,681	362,856	(65,775)	12,809,762
Infrastructure	927,415,753	19,824,805	-	947,240,558
Total Depreciable Assets	<u>1,125,295,653</u>	<u>26,772,589</u>	<u>(72,470)</u>	<u>1,151,995,772</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(83,541,719)	(4,233,367)	-	(87,775,086)
Furniture and Equipment	(16,965,981)	(2,261,312)	6,695	(19,220,598)
Vehicles	(8,719,668)	(1,370,394)	63,609	(10,026,453)
Infrastructure	(516,211,632)	(28,524,707)	-	(544,736,339)
Total Accumulated Depreciation	<u>(625,439,001)</u>	<u>(36,389,780)</u>	<u>70,304</u>	<u>(661,758,476)</u>
Total Depreciable Assets, Net	<u>499,856,652</u>	<u>(9,617,191)</u>	<u>(2,166)</u>	<u>490,237,296</u>
Intangible asset - right of use				
Lease assets	2,659,170	-	-	2,659,170
SBITA assets	-	1,802,781	-	1,802,781
Total Amortizable Assets	<u>2,659,170</u>	<u>1,802,781</u>	<u>-</u>	<u>4,461,951</u>
Less Accumulated Amortization:				
Lease assets	(409,873)	(409,873)	-	(819,746)
SBITA assets	-	(635,153)	-	(635,153)
Total Accumulated Amortizaion	<u>(409,873)</u>	<u>(1,045,026)</u>	<u>-</u>	<u>(1,454,899)</u>
Total Amortizable Assets, Net	<u>2,249,297</u>	<u>757,755</u>	<u>-</u>	<u>3,007,052</u>
Total Net Capital Assets	<u>\$ 845,866,092</u>	<u>\$ 70,095,896</u>	<u>\$ (17,427,682)</u>	<u>\$ 898,534,307</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 5 Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 2,199,351
Public Safety	1,281,711
Community and Economic Development	192,803
Community and Cultural	2,261,859
Public Works	30,488,897
Internal Service Funds	1,010,185
Total	<u>\$ 37,434,806</u>

The following is a schedule of changes in business-type activities capital assets for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Non-Depreciable Assets:				
Land	\$ 1,729,408	\$ -	\$ -	\$ 1,729,408
Construction in progress	4,671,381	1,764,493	(1,246,610)	5,189,264
Total Non-Depreciable Assets	<u>6,400,789</u>	<u>1,764,493</u>	<u>(1,246,610)</u>	<u>6,918,672</u>
Depreciable Assets:				
Furniture and Equipment	1,346,774	-	-	1,346,774
Infrastructure	91,183,322	2,743,194	(63,535)	93,862,981
Total Depreciable Assets	<u>92,530,096</u>	<u>2,743,194</u>	<u>(63,535)</u>	<u>95,209,755</u>
Less Accumulated Depreciation:				
Furniture and Equipment	(662,071)	(85,337)	-	(747,408)
Infrastructure	(18,628,903)	(2,718,893)	9,746	(21,338,050)
Total Accumulated Depreciation	<u>(19,290,974)</u>	<u>(2,804,230)</u>	<u>9,746</u>	<u>(22,085,458)</u>
Total Depreciable Assets, Net	<u>73,239,122</u>	<u>(61,036)</u>	<u>(53,789)</u>	<u>73,124,297</u>
Total Net Capital Assets	<u>\$ 79,639,911</u>	<u>\$ 1,703,457</u>	<u>\$ (1,300,399)</u>	<u>\$ 80,042,969</u>

Depreciation expense for business-type activities was charged as follows:

Electric Utility	<u>\$ 2,804,230</u>
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City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Moreno Valley Public Facilities Financing Authority:					
Direct Placements					
2011 Private Placement Refunding of 1997 Lease Revenue Bonds	\$ 331,000	\$ -	\$ (331,000)	\$ -	\$ -
Other Debt					
2013 Refunding of 2005 Lease Revenue Bonds Unamortized Premium	1,453,000	-	(1,453,000)	-	-
2014 Refunding of 2005 Lease Revenue Bonds Unamortized Premium	22,602,069	-	-	22,602,069	1,297,170
	944,253	-	(72,634)	871,619	72,635
City:					
2020 Total Road Improvement Program COP's	18,870,000	-	(965,000)	17,905,000	970,000
Leases	2,252,220	-	(399,919)	1,852,301	404,622
SBITA	-	1,699,416	(695,759)	1,003,657	494,742
Totals	<u>\$ 46,569,554</u>	<u>\$ 1,699,416</u>	<u>\$ (4,034,324)</u>	<u>\$ 44,234,646</u>	<u>\$ 3,239,169</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Other Debt

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 City Hall, the Public Safety Building, Morrison Park Fire Station No. 99, Sunnymead Park, Woodland Park, and John F. Kennedy Veterans Memorial Park. 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, 2023, are as follows:

Year Ending June 30,	2014 Refunding Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 1,297,170	\$ 976,903	\$ 2,274,073
2025	1,355,319	910,591	2,265,910
2026	1,426,887	841,036	2,267,923
2027	1,489,509	768,126	2,257,635
2028	1,574,496	691,526	2,266,022
2029-2033	9,066,771	2,251,306	11,318,077
2034-2036	6,391,917	390,493	6,782,410
Totals	<u>\$ 22,602,069</u>	<u>\$ 6,829,981</u>	<u>\$ 29,432,050</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

2020 Total Road Improvement Program Certificates of Participation

Taxable refunding certificates of participation in the original amount of \$20,970,000 were issued for the purpose of refunding the outstanding balance of the 2013 Total Road Improvement Certificates of Participation and certain costs related to the issuance of the certificates. The bonds mature in serial fashion through June 2035 and in term fashion through June 2019. The certificates bear interest rates ranging from 0.435% to 3.238%. The bonds are subject to optional redemption beginning June 2031. This issue is fully insured in the event of non-payment by the City. The transaction resulted in an economic gain of \$1,313,094 and a reduction of \$1,665,223 in future debt service payments.

The annual debt service requirements for the 2020 Total Road Improvement Program Certificates of Participation outstanding at June 30, 2023, are as follows:

2020 Total Road Improvement Program Certificates of Participation			
Year Ending June 30,	Principal	Interest	Total
2024	\$ 970,000	\$ 424,415	\$ 1,394,415
2025	980,000	415,093	1,395,093
2026	990,000	404,695	1,394,695
2027	1,005,000	390,815	1,395,815
2028	1,015,000	374,715	1,389,715
2029-2033	5,425,000	1,548,951	6,973,951
2034-2038	6,165,000	812,223	6,977,223
2039	1,355,000	43,875	1,398,875
Totals	\$ 17,905,000	\$ 4,414,782	\$ 22,319,782

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Lease Payables

Lease payables consist of agreements of payment obligations for the use of land, building, and equipment owned by other entities. The remaining terms of the agreements range from 1 to 33 years. The average incremental borrowing rate was 1.45%. For the year ended June 30, 2023, the City paid \$213,998 and \$185,921 in lease payment and \$20,397 and \$42,814 in interest payment for General Fund and CSD Zones, respectively. The outstanding payables are in the amount of \$1,852,301 as of as of June 30, 2023.

Year Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 404,622	\$ 27,019	\$ 431,641
2025	400,028	22,231	422,259
2026	294,773	17,849	312,622
2027	157,936	14,429	172,365
2028	125,597	12,395	137,992
2029-2033	129,390	48,353	177,743
2034-2038	57,952	40,988	98,940
2039-2043	65,834	33,106	98,940
2044-2048	74,787	24,153	98,940
2049-2053	84,958	13,982	98,940
2054-2056	56,424	2,940	59,364
Totals	<u>\$ 1,852,301</u>	<u>\$ 257,445</u>	<u>\$ 2,109,746</u>

SBITA Payables

SBITA payables consist of agreements of payment obligations for the use of software subscriptions owned by other entities. The remaining terms of the agreement range from 1 to 2 years. The average incremental borrowing rate was 2.38%. For the year ended June 30, 2023, the City paid \$668,176 and \$27,583 in SBITA payment for General Fund and Other Grants Fund, respectively, and \$40,601 in interest payment for General Fund. The outstanding payables are in the amount of \$1,003,657 as of June 30, 2023.

Year Ending June 30,	Governmental Activities		
	Principal Payments	Interest Payments	Total
2023	\$ 494,742	\$ 23,240	\$ 517,982
2024	508,915	11,786	520,701
Totals	<u>\$ 1,003,657</u>	<u>\$ 35,026</u>	<u>\$ 1,038,683</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Compensated Absences

At June 30, 2023, the amount of compensated absences liability was \$6,897,968. This amount consists of \$6,636,103 for governmental funds, principally paid by the General Fund, and \$261,865 for internal service funds.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Compensated Absences:					
Governmental Funds	\$ 6,029,578	\$ 3,624,203	\$ (3,017,678)	\$ 6,636,103	\$ 3,981,662
Internal Service Funds	272,934	118,870	(129,939)	261,865	157,119
Totals	<u>\$ 6,302,512</u>	<u>\$ 3,743,073</u>	<u>\$ (3,147,617)</u>	<u>\$ 6,897,968</u>	<u>\$ 4,138,781</u>

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.

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, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Direct Placements					
Finance Leases - Streetlight Refinancing, 2021	\$ 6,898,177	\$ -	\$ (472,405)	\$ 6,425,772	\$ 488,940
Other Debt					
Refunding Lease Revenue Bonds, 2013	172,000	-	(172,000)	-	-
Plus Unamortized Premium	12,606	-	(12,606)	-	-
Refunding Lease Revenue Bonds, 2014	2,662,931	-	-	2,662,931	152,830
Plus Unamortized Premium	109,143	-	(7,796)	101,347	7,796
Lease Revenue Bonds, 2019	15,830,000	-	-	15,830,000	-
Less Unamortized Discount	(297,080)	-	11,003	(286,077)	(11,003)
Refunding Lease Revenue Bonds, 2021	29,255,000	-	(1,445,000)	27,810,000	1,450,000
Totals	<u>\$ 54,642,777</u>	<u>\$ -</u>	<u>\$ (2,098,804)</u>	<u>\$ 52,543,973</u>	<u>\$ 2,088,563</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Direct Borrowing/Direct Placements

2021 Streetlight Refinancing

2021 Streetlight Refinancing, in the original issue amount of \$7,402,587 as a Lease/Purchase agreement in 2018, was executed to purchase approximately 9,411 streetlights from Southern California Edison and to retrofit approximately 11,100 City-owned streetlights with LED fixtures. The bonds will bear interest of 3.47% and are subject to optional redemption beginning in 2026. Debt service payments will be paid through MVU streetlight rates.

The annual debt service requirements for the 2021 Streetlight Refinancing outstanding at June 30, 2023, are as follows:

Year Ending June 30,	2021 Streetlight Refinancing		
	Principal	Interest	Total
2024	\$ 488,940	\$ 218,733	\$ 707,673
2025	506,055	201,618	707,673
2026	523,769	183,904	707,673
2027	542,103	165,570	707,673
2028	561,078	146,595	707,673
2029-2033	3,114,104	424,262	3,538,366
2034	689,723	17,950	707,673
Totals	\$ 6,425,772	\$ 1,358,632	\$ 7,784,404

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Other Debt

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, 2023, are as follows:

Year Ending June 30,	2014 Refunding Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 152,830	\$ 115,097	\$ 267,927
2025	159,681	107,284	266,965
2026	168,113	99,089	267,202
2027	175,491	90,499	265,990
2028	185,504	81,474	266,978
2029-2033	1,068,229	265,244	1,333,473
2034-2036	753,083	46,007	799,090
Totals	\$ 2,662,931	\$ 804,694	\$ 3,467,625

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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 4.00% 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, 2023, are as follows:

Year Ending June 30,	2019 Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ -	\$ 633,200	\$ 633,200
2025	-	633,200	633,200
2026	-	633,200	633,200
2027	-	633,200	633,200
2028	-	633,200	633,200
2029-2033	-	3,166,000	3,166,000
2034-2038	-	3,166,000	3,166,000
2039-2043	5,545,000	2,740,000	8,285,000
2044-2048	8,070,000	1,512,000	9,582,000
2049	2,215,000	88,600	2,303,600
Totals	\$ 15,830,000	\$ 13,838,600	\$ 29,668,600

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

2021 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2021 consolidated both the 2015 Lease Revenue Bonds and the 2016 Refunding Lease Revenue Bonds for a cumulative amount of \$30,985,000. In the original issue amount of the 2015 Lease Revenue Bonds (Taxable) the 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. In the issue amount of the 2016 Refunding Lease Revenue Bonds, of which the original amount of \$24,655,000 was 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 2024 and 2045 and bear interest ranging from 0.183% to 3.100%. 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 a net present value of savings of \$4.6 million.

The annual debt service requirements for the 2021 Refunding Lease Revenue Bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	2021 Refunding Lease Revenue Bonds		
	Principal	Interest	Total
2024	\$ 1,450,000	\$ 627,506	\$ 2,077,506
2025	1,460,000	618,066	2,078,066
2026	1,470,000	604,780	2,074,780
2027	1,490,000	588,022	2,078,022
2028	1,505,000	566,939	2,071,939
2029-2033	7,975,000	2,396,266	10,371,266
2034-2038	9,020,000	1,352,759	10,372,759
2039-2043	2,385,000	389,515	2,774,515
2044-2045	1,055,000	49,290	1,104,290
Totals	\$ 27,810,000	\$ 7,193,143	\$ 35,003,143

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

Compensated Absences

At June 30, 2023, the amount of compensated absences liability totaled \$156,958. Based on the current trend of usage, \$94,175 is expected to be paid within one year.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
Business type activities	\$ 308,326	\$ 147,996	\$ (299,364)	\$ 156,958	\$ 94,175
Totals	<u>\$ 308,326</u>	<u>\$ 147,996</u>	<u>\$ (299,364)</u>	<u>\$ 156,958</u>	<u>\$ 94,175</u>

c. Non-Commitment Debt

2007 Towngate Improvement Tax Refunding Bonds

CFD 87-1 Improvement Area No. 1 Special Tax Refunding Bonds in the original issue of \$4,075,000 were issued in November 2007, to refund prior bonds currently outstanding, to fund a reserve for the bonds and to pay issuance costs. The bonds mature in serial fashion through October 1, 2023 and bear interest ranging from 3.75% to 4.875%. The bonds are subject to both optional and mandatory redemption prior to maturity beginning on April 1, 2009. The bonds are payable from and secured by a special tax levy against certain affected parcels within the District.

Under an arrangement (a Cooperation and Reimbursement Agreement) involving the District, the City and the Successor Agency of the former RDA, the required tax levy may be reduced in part by a reimbursable tax increment from the Agency to a maximum of 70.3% of required debt service. 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, 2023 was \$345,000.

2016 Community Facilities District 7 Improvement Area 1 Special Tax Bonds

Community Facilities District No. 7 ("District") 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. 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 6 Long-term Debt (Continued)

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. 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, 2023 was \$2,880,000.

2021 Community Facilities District No. 5 Special Tax Refunding 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 \$4,795,000. 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 Escrow Agreement dated December 1, 2021 by and between the City for and on behalf of the District and Wilmington Trust, 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 March 1, 2022 and semiannually thereafter on each March 1 and September 1 thru 2037. Interest rates range from 3.00% to 4.00%. Principal on the Bonds is due each September 1 beginning 2022 and ending 2037. The outstanding balance at June 30, 2023 was \$4,530,000.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 7 Interfund Receivables, Payables and Transfers

a. Due To/From other Funds

	Due To Other Funds		
	CSD Zones	Nonmajor Governmental Funds	Total
<u>Due From Other Funds</u>			
General Fund	\$ 50,148,589	\$ 13,155,478	\$ 63,304,067
	<u>\$ 50,148,589</u>	<u>\$ 13,155,478</u>	<u>\$ 63,304,067</u>

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 3.03, Investment Policy. At June 30, 2023, the CSD Zones Fund included \$50,148,589 of City's funds invested in the CSD's LAIF account.

The General Fund has made short-term loans to the following funds to eliminate negative cash balances:

Nonmajor Governmental Funds:

Child Care Grant	\$ 29,522
ASES Program Grant	683,720
Other Grants	227,391
Capital Project Grants	8,102,708
Community Development Block Grant	1,236,872
Emergency Solutions Grant	59,088
ARPA	20,845
Law Enforcement Grants	46,197
TUMF Capital Projects	2,749,135
Total	<u><u>\$ 13,155,478</u></u>

b. Advances To/From Other Funds

	<u>Advances from Other Funds</u>
<u>Advances to Other Funds</u>	<u>Development Impact Fees</u>
General Fund	<u><u>\$ 5,500,000</u></u>

The General Fund loaned \$5,500,000 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, 2024.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 7 Interfund Receivables, Payables and Transfers (Continued)

c. Interfund Transfers

Transfers Out	Transfers In						Total
	General Fund	Development Impact Fees	CSD Zones	Public Works Capital Projects Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 8,114,119	\$26,745,287	\$ 5,093,265	\$24,270,000	\$64,222,671
Development Impact Fees	50,000	-	-	-	5,003,037	-	5,053,037
CSD Zones	15,573	-	-	-	32,948	-	48,521
Nonmajor Governmental Funds	692,878	1,295,962	10,665	-	630,835	-	2,630,340
Internal Service Funds	-	-	-	-	1,708,227	-	1,708,227
Totals	\$ 758,451	\$ 1,295,962	\$ 8,124,784	\$26,745,287	\$12,468,312	\$24,270,000	\$73,662,796

The General Fund transferred a total of \$64,222,671, including \$26,745,287 to Public Works Capital Projects Fund to cover capital deficits for the cost for general benefit projects and \$24,270,000 to Internal Service Funds to fund reserves for actuarial assumptions and future replacement of equipment, technology, and facilities.

The Development Impact Fees Fund and Nonmajor Governmental Funds transferred a total of \$5,003,037 and \$630,835, 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 \$2,630,340, including \$1,295,962 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.

In November 2022, the City established a post-employment benefits trust to begin funding the City’s unfunded liability through the Public Agency Retirement Services (PARS). The program is a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code, along with its associated Regulations. Furthermore, it holds tax-exempt status under the pertinent statutory regulations of the State of California.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 8 Employee Pension Plan (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic CalPERS members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPPRA 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, 2023, 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	19.69%	19.69%	19.69%

Employees Covered – At June 30, 2023, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active Employees	285
Retired Employees	439
Inactive Employees	268

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 8 Employee Pension Plan (Continued)

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal Cost Method
Asset Valuation Method	Fair Value of Assets
 Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.50%
Payroll growth	2.75%
Projected salary increase	Varies by Entry Age and Service (1)
Investment rate of return	7.00% (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, 2021 valuation were based on the results of a 2017 CalPERS actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8 Employee Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90% 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 6.90% is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 8 Employee Pension Plan (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class ¹	New Strategic Allocation	Real Return ^{1,2}
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Change of Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with the risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2021 <i>(Measurement Date)</i>	\$ 244,548,531	\$ 189,651,335	\$ 54,897,196	\$ 53,500,117	\$ 1,397,079
Changes in the year:					
Service Cost	4,410,902	-	4,410,902	4,264,453	146,449
Interest on the Total Pension Liability	16,903,144	-	16,903,144	16,341,932	561,212
Changes of Assumptions	8,512,485	-	8,512,485	8,512,485	-
Differences between Expected and Actual Experience	(4,439,439)	-	(4,439,439)	(4,405,914)	(33,525)
Net Plan to Plan Resource Movement	-	-	-	-	-
Contributions - Employer	-	9,026,559	(9,026,559)	(8,701,132)	(325,427)
Contributions - Employees	-	1,659,557	(1,659,557)	(1,604,457)	(55,100)
Net Investment Income	-	(14,386,583)	14,386,583	13,288,841	1,097,742
Benefit Payments, including Refunds of Employee Contributions	(11,707,851)	(11,707,851)	-	-	-
Administrative Expense	-	(118,141)	118,141	114,219	3,922
Other Miscellaneous Income/(Expense)	-	-	-	-	-
Net Changes	13,679,241	(15,526,459)	29,205,700	27,810,427	1,395,273
Balance at June 30, 2022 <i>(Measurement Date)</i>	<u>\$ 258,227,772</u>	<u>\$ 174,124,876</u>	<u>\$ 84,102,896</u>	<u>\$ 81,310,544</u>	<u>\$ 2,792,352</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 5.90%	Current Discount Rate 6.90%	1% Increase to 7.90%
Net Pension Liability	\$ 118,695,641	\$ 84,102,896	\$ 55,515,876

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 8 Employee Pension Plan (Continued)

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the City recognized pension expense of \$10,099,679 principally paid by General Fund and the Electric Utility. At June 30, 2023, 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	\$ 10,257,840	\$ -
Changes of assumptions	5,107,491	-
Differences between expected and actual experience	227,303	(2,663,663)
Net difference between projected and actual earnings on pension plan investments	8,607,352	-
	<u>\$ 24,199,986</u>	<u>\$ (2,663,663)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Periods Ending June 30:</u>	
2023	\$ (3,189,236)
2024	(2,022,268)
2025	(584,340)
2026	(5,482,639)
2027	-
Thereafter	-

Note: The fiscal year will be one year later than the measurement period. The 2023 measurement period presented in the above table will be listed as year 2024 in the City's fiscal year ending June 30, 2023 financial statements.

As of June 30, 2023, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8 Employee Pension Plan (Continued)

e. Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expenses.

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
--	-----------------------------------

All other amounts

The EARSL for the Plan for the measurement period ending June 30, 2022 is 2.5 years, which was obtained by dividing the total service years of 2,942 (the sum of remaining service lifetimes of the active employees) by 1,175 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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 \$151 per month for 2023 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, 2022 (the census date), the following employees were covered by the benefit terms:

Category	Count
Active employees	316
Inactive employees or beneficiaries currently receiving benefit payments	177
Inactive employees entitled to but not yet receiving benefit payment	80

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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, 2023, the City's ADC contribution rate was 5.89% 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, 2022 and was used to calculate the net OPEB liability measured as of June 30, 2022.

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, 2022 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, 2021</u>	<u>June 30, 2022</u>	
Discount Rate	6.17%	6.00%	
Investment Rate of Return	5.85%	6.00%	
Inflation	2.50%	2.30%	
Healthcare Cost Trend Rates	6.50%	6.50%	Trending down to 4.00% over 55 years.
Salary Increases	2.75%	2.80%	Additional merit-based increases based on CalPERS merit salary
Mortality Rates	Based on CalPERS tables.		

Mortality rates used in the valuation are based on the CalPERS Experience Study and Review of Actuarial Assumptions published in November 2021 for Public Agency Miscellaneous members. Sample pre-retirement, post-retirement non-disabled, and post-retirement disabled base mortality rates are as shown below. These rates are projected fully generationally using 80% of MP-2020 mortality improvement scale.

City of Moreno Valley, California

Notes to Financial Statements
For the Year Ended June 30, 2023

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Changes of Assumptions

For the measurement period ending June 30, 2022, the investment rate of return was changed to 6.00%.

Discount rate

The discount rate used to measure the total OPEB liability is 6.00%. 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 9, 2022. The target allocation and the arithmetic expected return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Real Rates of Return</u>
Global Equity	49%	4.50%
Fixed Income	23%	1.40%
Global Real Estate (REITs)	20%	3.70%
Treasury Inflation Protection Securities	5%	0.50%
Commodities	3%	1.10%

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

Changes in the Net OPEB Liability

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of fiscal year end June 30, 2022	\$ 20,689,327	\$ 15,414,512	\$ 5,274,815
Changes for the year:			
Service Cost	453,543	-	453,543
Interest on the Total OPEB Liability	1,272,484	-	1,272,484
Differences Between Expected and Actual Experience	(1,910,420)	-	(1,910,420)
Changes of Assumptions	438,727	-	438,727
Contribution - Employer		1,747,036	(1,747,036)
Net Investment Income		(2,206,130)	2,206,130
Benefit Payments, Including Refunds of Employee Contributions	(1,054,058)	(1,054,058)	-
Implicit Subsidy Credit	(258,562)	-	(258,562.00)
Administrative Expenses	-	(4,116)	4,116
Net Changes	(1,058,286)	(1,517,268)	458,982
Balance as of fiscal year end June 30, 2023	\$ 19,631,041	\$ 13,897,244	\$ 5,733,797

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 (5.00%) or one percentage point higher (7.00%) follows:

	1% Decrease 5.00%	Discount Rate 6.00%	1% Increase 7.00%
Net OPEB liability	\$ 7,940,288	\$ 5,733,797	\$ 3,868,565

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 or one percentage point higher than current healthcare cost trend rates follows:

	1% Decrease	Trend Rate	1% Increase
Net OPEB liability	\$ 4,510,540	\$ 5,733,797	\$ 7,126,918

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 9 Other Post-Employment Benefits (OPEB) (Continued)

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized an OPEB expense of \$766,352. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 277,347	\$ (1,911,158)
Changes of Assumptions	1,249,136	(226,070)
Net Difference Between Projected and Actual Earnings on Plan Investments	1,173,426	-
City Contribution Subsequent to the Measurement Date	1,367,308	-
Total	\$4,067,217	\$ (2,137,228)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending June 30	
2023	\$ 133,320
2024	161,325
2025	143,585
2026	375,014
2027	(250,565)
Remaining	-

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 10 Commitments and Contingencies

a. Construction Commitments

The following material construction commitments existed at June 30, 2023:

Project Name	Contract Amount	Expenditures to date as of 6/30/2023	Remaining Commitments
<u>Governmental Activities</u>			
SR-60/ Moreno Beach IC Phase 2	\$ 27,754,303	\$ 14,786,402	\$ 12,967,901
Citywide Pavement Rehab Program (FY 20/21)	4,090,236	3,505,517	584,720
Citywide Pavement Rehab Program (FY 21/22 - 25/26)	19,683,998	17,525,172	2,158,827
Citywide Pavement Rehab Program (FY 21/22)	7,058,919	6,241,638	817,281
Citywide Pavement Rehab Program (FY 22/23)	11,297,080	8,441,008	2,856,072
Citywide Pavement Rehab Program (FY 26/27 - 30/31)	19,272,998	16,412,964	2,860,033
Juan Bautista de Anza Multi-Use Trail - ATP 4	6,544,493	671,843	5,872,650
Other projects	4,825,008	4,414,970	410,038
<u>Electric Utility</u>			
ENCO Work Authorizations on MVU CIP projects	\$ 1,638,337	\$ 750,874	\$ 887,463
Other projects	4,169,334	3,621,773	547,561

b. 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.

c. 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.

d. Tax Abatements

GASB 77

As of June 30, 2023, the City has entered into one agreement 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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 10 Commitments and Contingencies (Continued)

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%

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.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

Note 11 Self-Insurance (Continued)

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 \$2,497,000 and \$1,537,000 for the workers' compensation claims and general liability claims, respectively, for a total of \$4,034,000. Of these amounts, the current year's adjustment is an increase of \$1,367,000.

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Total</u>
Amounts of accrued claims at June 30, 2021	\$ 1,128,000	\$ 1,533,000	\$ 2,661,000
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.	34,486	487,176	521,662
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(92,486)</u>	<u>(423,176)</u>	<u>(515,662)</u>
Amount of accrued claims at June 30, 2022	1,070,000	1,597,000	2,667,000
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.	1,432,000	269,903	1,701,903
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	<u>(5,000)</u>	<u>(329,903)</u>	<u>(334,903)</u>
Amount of accrued claims at June 30, 2023	<u>\$ 2,497,000</u>	<u>\$ 1,537,000</u>	<u>\$ 4,034,000</u>

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

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	\$ 1,791,365
Cash and Investments with Fiscal Agent	11,732
	<u>\$ 1,803,097</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, 2023**

**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, 2023, follows:

	Balance July 1, 2022	Additions	Repayments	Balance June 30, 2023	Due Within One Year
Fiduciary Activities					
City loans - Principal	\$ 8,026,295	\$ -	\$ (595,140)	\$ 7,431,155	\$ 595,140
City loans - Interest	2,201,046	-	(167,860)	2,033,186	167,860
2017 Ref of the 2007 TABs, Series A	38,045,000	-	-	38,045,000	-
Unamortized premium	2,839,173	-	(167,011)	2,672,162	167,010
Totals	<u>\$ 51,111,514</u>	<u>\$ -</u>	<u>\$ (930,011)</u>	<u>\$ 50,181,503</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, 2023, the outstanding principal and accrued interest balances are \$7,431,155 and \$2,033,186, respectively.

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

**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% 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, 2023, are as follows:

Year Ending June 30,	2017 Tax Allocation Bonds Series A		
	Principal	Interest	Total
2024	\$ -	\$ 1,506,881	\$ 1,506,881
2025	-	1,506,881	1,506,881
2026	1,395,000	1,478,981	2,873,981
2027	2,045,000	1,399,956	3,444,956
2028	2,145,000	1,295,206	3,440,206
2029-2033	12,745,000	4,699,781	17,444,781
2034-2038	16,175,000	1,829,391	18,004,391
2039	3,540,000	55,313	3,595,313
Totals	\$ 38,045,000	\$ 13,772,390	\$ 51,817,390

City of Moreno Valley, California

**Notes to Financial Statements
For the Year Ended June 30, 2023**

**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 decess 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 \$ 51,817,390 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 \$ 3,349,676 and the debt service obligation on the bonds was \$1,506,881.

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, 2023, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

Note 13 Subsequent Events

The City has evaluated events subsequent to June 30, 2023 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through January 17, 2024, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that requires recognition or additional disclosure in the financial statements.

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	2020	2021	2022	
Total Pension Liability										
Service cost	\$ 4,630,703	\$ 4,122,713	\$ 3,836,160	\$ 4,154,188	\$ 4,096,701	\$ 4,224,541	\$ 4,421,787	\$ 4,706,624	\$ 4,410,902	
Interest on total pension liability	11,785,648	12,457,642	12,991,903	13,608,182	14,018,703	14,940,039	15,737,260	16,516,203	16,903,144	
Changes in assumptions	-	(3,142,601)	-	11,559,898	(1,695,079)	-	-	-	8,512,485	
Differences between expected and actual experience	-	(1,159,680)	(2,531,675)	(566,196)	(2,163,560)	3,645,228	1,544,561	876,743	(4,439,439)	
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)	(9,934,145)	(10,633,661)	(11,707,851)	
Net change in total pension liability	10,745,645	5,634,680	7,096,577	20,985,200	5,760,777	13,428,308	11,769,463	11,465,909	13,679,241	
Total pension liability - beginning of year	157,661,972	168,407,617	174,042,297	181,138,874	202,124,074	207,884,851	221,313,159	233,082,622	244,548,531	
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	\$ 233,082,622	\$ 244,548,531	\$ 258,227,772	
Plan Fiduciary Net Position										
Contributions - employer	\$ 4,620,745	\$ 4,923,787	\$ 5,086,125	\$ 5,743,170	\$ 6,385,610	\$ 7,094,031	\$ 7,971,246	\$ 8,002,625	\$ 9,026,559	
Contributions - employee	1,934,518	1,688,857	1,705,426	1,676,844	1,721,640	1,710,075	1,801,643	1,414,837	1,659,557	
Net investment income	16,911,034	2,629,698	639,392	13,032,362	11,053,578	9,301,132	7,444,800	35,531,661	(14,386,583)	
Benefit payments	(5,670,706)	(6,643,394)	(7,199,811)	(7,770,872)	(8,495,988)	(9,381,500)	(9,934,145)	(10,633,661)	(11,707,851)	
Net Plan to Plan Resource Movement	-	-	-	(7,368)	(323)	-	-	-	-	
Administrative expenses	-	(132,025)	(71,338)	(173,057)	(202,130)	(99,759)	(209,231)	(155,326)	(118,141)	
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	7,074,313	34,160,136	(15,526,459)	
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	148,416,886	155,491,199	189,651,335	
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	\$ 155,491,199	\$ 189,651,335	\$ 174,124,876	
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	\$ 77,591,423	\$ 54,897,196	\$ 84,102,896	
Plan fiduciary net position as a percentage of the total pension liability	68.04%	67.26%	64.71%	64.18%	67.25%	67.06%	66.71%	77.55%	67.43%	
Covered payroll	\$ 23,278,052	\$ 22,079,654	\$ 20,814,759	\$ 20,793,815	\$ 20,860,026	\$ 21,783,847	\$ 23,174,982	\$ 24,680,774	\$ 21,728,582	
Net pension liability as percentage of covered payroll	231.21%	258.11%	307.12%	348.23%	326.42%	334.63%	334.81%	222.43%	387.06%	

Notes to Schedule:

Benefit changes - The figures above include any liability impact that may have resulted from plan changes which occurred after June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes in assumption - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

* 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	2021	2022	2023
Actuarially determined contributions	\$ 4,616,283	\$ 4,919,325	\$ 5,081,663	\$ 5,738,708	\$ 6,385,610	\$ 7,094,031	\$ 7,971,246	\$ 8,002,625	\$ 9,026,559	\$ 10,257,840
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)	(7,971,246)	(8,002,625)	(9,026,559)	(10,257,840)
Contribution deficiency / (excess)	\$ (4,462)	\$ (4,462)	\$ (4,462)	\$ (4,462)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 23,278,052	\$ 22,079,654	\$ 20,814,759	\$ 20,793,815	\$ 20,860,026	\$ 21,783,847	\$ 23,174,982	\$ 24,680,774	\$ 21,728,582	\$ 24,344,624
Contributions as a percentage of covered payroll	19.85%	22.30%	24.44%	27.62%	30.61%	32.57%	34.40%	32.42%	41.54%	42.14%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method / Period	For details, see June 30, 2019 Funding Valuation Report.
Asset valuation method	Fair Value
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.5%
Salary increases	Varies by Entry Age and Service
Mortality rate table	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% Scale MP-2016 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						
	June 30, 2017	June 30, 2018	June 30, 2018 ¹	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability							
Service cost	\$ 397,604	\$ 409,532	\$ -	\$ 360,905	\$ 459,956	\$ 441,404	\$ 453,543
Interest on total OPEB liability	1,103,301	1,149,342	-	1,212,957	1,178,040	1,250,876	1,272,484
Differences between expected and actual experience	-	-	135,598	(200,112)	475,121	(352,233)	(1,910,420)
Changes of Assumptions	-	-	(854,050)	1,961,763	109,418	29,971	438,727
Benefit payments, including refunds of employee contributions	(977,892)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(1,054,058)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)
Net change in total OPEB liability	<u>523,013</u>	<u>572,540</u>	<u>(691,986)</u>	<u>2,350,888</u>	<u>1,201,143</u>	<u>344,401</u>	<u>(1,058,286)</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>	<u>19,143,783</u>	<u>20,344,926</u>	<u>20,689,327</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>	<u>\$ 20,344,926</u>	<u>\$ 20,689,327</u>	<u>\$ 19,631,041</u>
Plan Fiduciary Net Position							
Net investment income	\$ 1,450,417	\$ 423,688	\$ (72,538)	\$ 670,718	\$ 421,628	\$ 3,309,203	\$ (2,206,130)
Contributions - employer	1,116,747	642,216	-	661,483	631,564	1,576,755	1,747,036
Employer - implicit subsidy	-	285,661	-	295,036	302,476	261,323	258,562
Benefit payments, including refunds of employee contributions	(977,892)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(1,054,058)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)
Administrative expenses	(4,601)	(5,244)	(66)	(2,350)	(5,640)	(4,560)	(4,116)
Other Miscellaneous Income/ (Expense)	-	-	-	(10,898)	0	0	0
Net change in plan fiduciary net position	<u>1,584,671</u>	<u>359,987</u>	<u>(46,138)</u>	<u>629,364</u>	<u>328,636</u>	<u>4,117,104</u>	<u>(1,517,268)</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>	<u>10,968,772</u>	<u>11,297,408</u>	<u>15,414,512</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>	<u>\$ 11,297,408</u>	<u>\$ 15,414,512</u>	<u>\$ 13,897,244</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>	<u>\$ 9,047,518</u>	<u>\$ 5,274,815</u>	<u>\$ 5,733,797</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>59.3%</u>	<u>59.4%</u>	<u>61.6%</u>	<u>57.3%</u>	<u>55.5%</u>	<u>74.5%</u>	<u>70.8%</u>
Covered - employee payroll	<u>\$ 21,269,539</u>	<u>\$ 20,129,158</u>	<u>\$ 20,682,710</u>	<u>\$ 24,421,260</u>	<u>\$ 21,287,842</u>	<u>\$ 23,236,495</u>	<u>\$ 24,579,873</u>
Net OPEB liability as percentage of covered-employee payroll	<u>32.4%</u>	<u>35.3%</u>	<u>31.2%</u>	<u>33.5%</u>	<u>42.5%</u>	<u>22.7%</u>	<u>23.3%</u>

Notes to Schedule:

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	2021	2022	2023
Actuarially determined contributions	\$ 642,132	\$ 659,902	\$ -	\$ 908,656	\$ 1,114,937	\$ 1,367,308	\$ 1,405,197
Contributions in relation to the actuarially determined contributions	(1,116,747)	(927,877)	(956,519)	(934,040)	(1,838,078)	(2,005,598)	(1,367,308)
Contribution deficiency / (excess)	\$ (474,615)	\$ (267,975)	\$ (956,519)	\$ (25,384)	\$ (723,141)	\$ (638,290)	\$ 37,889
Covered-employee payroll	\$ 21,269,539	\$ 20,682,710	\$ 24,421,260	\$ 21,287,842	\$ 23,236,495	\$ 24,579,873	\$ 22,296,347
Contributions as a percentage of covered-employee payroll	5.3%	4.5%	3.9%	4.4%	7.9%	8.2%	6.1%

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
Discount rate	6.00%
Inflation	2.30%
Assumed Payroll Growth	2.80%
Healthcare trend rates	6.50%, trending down to 4.04%
Rate of return on assets	6.00%
Mortality rate	CalPERS rates
Retirement rates	CalPERS rates

**City of Moreno Valley, California
 Schedule of Investment Returns - OPEB
 Last Ten Years***

	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2021	Fiscal Year Ended June 30, 2022	Fiscal Year Ended June 30, 2023
Annual money-weighted rate of return, net of investment expense	9.77%	10.24%	-0.70%	6.72%	3.86%	28.28%	-13.89%

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.



CITY OF MORENO VALLEY
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Supplemental Section

FISCAL YEAR ENDED
JUNE 30, 2023

FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T

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.

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.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

SPECIAL REVENUE FUNDS (CONTINUED):

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.

Recycling Programs Fund

This fund is used to capture administrative funds collected from Waste Management, covering the transportation, recycling, composting, and disposal of Solid Waste, Recyclables, Green Waste, Organic Waste, and Special Waste. It also addresses unfunded mandates imposed by the State and supports the enhancement of existing solid waste programs.

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, streets, and drainage for developments that have annexed into the special financing 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), Edward Byrne Memorial Justice Assistance Grant (JAG), and Law Enforcement Grant.

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.

Neighborhood Stabilization Grant Program 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.

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 Grant 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.

American Rescue Plan

This fund is used to account for the U.S. Department of the Treasury's allocation of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) as established by the American Rescue Plan Act (ARPA) of 2021.

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.

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:

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.

2020 Refunding of TRIP COP 13A

This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 2013 TRIP Certificates of Participation.

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.

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.

City of Moreno Valley, California

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

PERMANENT FUNDS (CONTINUED):

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, 2023

Special Revenue Funds

	STATE GASOLINE TAX	MEASURE A	AIR QUALITY MANAGEMENT	SPECIAL DISTRICTS ADMINISTRATION
Assets				
Pooled cash and investments (note 3)	\$ 8,006,853	\$ 11,120,732	\$ 281,858	\$ 2,655,532
Prepaid	-	-	-	1,646
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	1,283,730	1,166,568	69,840	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 9,290,583	\$ 12,287,300	\$ 351,698	\$ 2,657,178
Liabilities				
Accounts payable	\$ 2,833,451	\$ 3,742,078	\$ 18,634	\$ 838
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	2,833,451	3,742,078	18,634	838
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	1,646
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	6,457,132	8,545,222	333,064	2,654,694
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned				
Total Fund Balances (Deficits)	6,457,132	8,545,222	333,064	2,656,340
Total Liabilities and Fund Balances (Deficits)	\$ 9,290,583	\$ 12,287,300	\$ 351,698	\$ 2,657,178

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	STORM WATER MAINTENANCE	STORM WATER MANAGEMENT	CFD No. 4-M	PUBLIC EDUCATION GOVERNMENT ACCESS
Assets				
Pooled cash and investments (note 3)	\$ 90,766	\$ 2,271,599	\$ 110,837	\$ 631,618
Prepaid	-	-	-	-
Accounts	-	-	-	10,584
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	23,321	269,836	5,260	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 114,087	\$ 2,541,435	\$ 116,097	\$ 642,202
Liabilities				
Accounts payable	\$ 18,126	\$ 66,137	\$ 3,730	\$ 51,700
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	18,126	66,137	3,730	51,700
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	590,502
Public safety	-	-	-	-
Public works	95,961	-	112,367	-
Capital projects	-	-	-	-
Water quality	-	2,475,298	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned				
Total Fund Balances (Deficits)	95,961	2,475,298	112,367	590,502
Total Liabilities and Fund Balances (Deficits)	\$ 114,087	\$ 2,541,435	\$ 116,097	\$ 642,202

City of Moreno Valley, California

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Special Revenue Funds

	CIVIL PENALTIES	EMERGENCY SERVICES AGENCY FINES	ENERGY EFFICIENCY REVOLVING	GENERAL PLAN AMENDMENTS
Assets				
Pooled cash and investments (note 3)	\$ -	\$ 415,643	\$ 149,434	\$ 384,185
Prepaid	-	-	-	-
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	-	203,401	-	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ -	\$ 619,044	\$ 149,434	\$ 384,185
Liabilities				
Accounts payable	\$ -	\$ 14,365	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	-	14,365	-	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	604,679	-	-
Public works	-	-	149,434	384,185
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	-	604,679	149,434	384,185
Total Liabilities and Fund Balances (Deficits)	\$ -	\$ 619,044	\$ 149,434	\$ 384,185

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	QUIMBY IN-LIEU PARK FEES	RECYCLING PROGRAMS	CFD No. 2014-01	CHILD CARE GRANT
Assets				
Pooled cash and investments (note 3)	\$ 2,810,150	\$ 6,146	\$ 1,026,342	\$ 40,276
Prepaid	-	-	-	1,471
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	-	-	13,414	43,055
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 2,810,150	\$ 6,146	\$ 1,039,756	\$ 84,802
Liabilities				
Accounts payable	\$ -	\$ 6,146	\$ 8,932	\$ 6,711
Accrued liabilities	-	-	-	40,276
Due to other funds (note 7)	-	-	-	29,522
Unearned revenues	-	-	-	-
Total Liabilities	-	6,146	8,932	76,509
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	1,471
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	2,810,150	-	-	6,822
Public safety	-	-	-	-
Public works	-	-	1,030,824	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned				
Total Fund Balances (Deficits)	2,810,150	-	1,030,824	8,293
Total Liabilities and Fund Balances (Deficits)	\$ 2,810,150	\$ 6,146	\$ 1,039,756	\$ 84,802

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	ASES PROGRAM GRANT	USED OIL RECYCLING GRANT	OTHER GRANTS	CAPITAL PROJECTS GRANTS
Assets				
Pooled cash and investments (note 3)	\$ -	\$ 22,482	\$ 30,422	\$ -
Prepaid	-	-	6,719	-
Accounts	-	-	8,799	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	717,081	-	1,233,165	10,740,076
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 717,081	\$ 22,482	\$ 1,279,105	\$ 10,740,076
Liabilities				
Accounts payable	\$ 3,552	\$ -	\$ 325,479	\$ 3,123,767
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	683,720	-	227,391	8,102,707
Unearned revenues	-	22,482	733,417	-
Total Liabilities	687,272	22,482	1,286,287	11,226,474
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	6,719	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	29,809	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned	-	-	(13,901)	(486,398)
Total Fund Balances (Deficits)	29,809	-	(7,182)	(486,398)
Total Liabilities and Fund Balances (Deficits)	\$ 717,081	\$ 22,482	\$ 1,279,105	\$ 10,740,076

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Special Revenue Funds

	LAW ENFORCEMENT GRANTS	HOME	NEIGHBORHOOD STABILIZATION GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT
Assets				
Pooled cash and investments (note 3)	\$ 54,011	\$ 320,065	\$ -	\$ -
Prepaid	-	-	-	-
Accounts	-	-	-	-
Interest	-	641,738	99,390	-
Notes and loans (note 4)	-	7,674,493	9,514,326	-
Due from other governments	46,197	238,929	-	1,611,184
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 100,208	\$ 8,875,225	\$ 9,613,716	\$ 1,611,184
Liabilities				
Accounts payable	\$ 54,011	\$ 65,761	\$ -	\$ 126,516
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	46,197	-	-	1,236,872
Unearned revenues	-	-	-	-
Total Liabilities	100,208	65,761	-	1,363,388
Deferred Inflows of Resources				
Unavailable revenues	-	3,014,103	9,613,716	-
Total Deferred Inflows of Resources	-	3,014,103	9,613,716	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	5,795,361	-	247,796
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	-	5,795,361	-	247,796
Total Liabilities and Fund Balances (Deficits)	\$ 100,208	\$ 8,875,225	\$ 9,613,716	\$ 1,611,184

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds			Capital Projects Fund
	EMERGENCY SOLUTIONS GRANT	AMERICAN RESCUE PLAN	ARTICLE 3 TRANSPORTATION	FACILITY CONSTRUCTION
Assets				
Pooled cash and investments (note 3)	\$ -	\$ -	\$ 6,005	\$ 23,646,536
Prepaid	-	-	-	-
Accounts	-	2,060	-	-
Interest	-	18,785	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	103,344	-	-	3,493,500
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 103,344	\$ 20,845	\$ 6,005	\$ 27,140,036
Liabilities				
Accounts payable	\$ 44,256	\$ -	\$ -	\$ 232,194
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	59,088	20,845	-	-
Unearned revenues	-	-	-	-
Total Liabilities	103,344	20,845	-	232,194
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	3,493,500
Total Deferred Inflows of Resources	-	-	-	3,493,500
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	6,005	-
Capital projects	-	-	-	15,646,342
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	7,768,000
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	-	-	6,005	23,414,342
Total Liabilities and Fund Balances (Deficits)	\$ 103,344	\$ 20,845	\$ 6,005	\$ 27,140,036

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Capital Projects Funds			
	TUMF CAPITAL PROJECTS	TRAFFIC SIGNAL MITIGATION	PARKS AND COMMUNITY SERVICES DEVELOPMENT AND CAPITAL PROJECTS	DIF CAPITAL PROJECTS
Assets				
Pooled cash and investments (note 3)	\$ -	\$ 3,499,824	\$ 3,520,995	\$ 1,417,632
Prepaid	-	-	-	-
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	3,634,144	-	-	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 3,634,144	\$ 3,499,824	\$ 3,520,995	\$ 1,417,632
Liabilities				
Accounts payable	\$ 1,049,214	\$ -	\$ 49,022	\$ 37,871
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	2,749,136	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	3,798,350	-	49,022	37,871
Deferred Inflows of Resources				
Unavailable revenues	3,377,800	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	3,499,824	3,471,973	1,379,761
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned	(3,542,006)	-	-	-
Total Fund Balances (Deficits)	(3,542,006)	3,499,824	3,471,973	1,379,761
Total Liabilities and Fund Balances (Deficits)	\$ 3,634,144	\$ 3,499,824	\$ 3,520,995	\$ 1,417,632

City of Moreno Valley, California

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Debt Service Funds

	2013 REFUNDING OF 2005 LEASE REVENUE BONDS	2014 REFUNDING OF 2005 LEASE REVENUE BONDS	2020 REFUNDING OF TRIP COP 13A	2011 PRIVATE PLACE REFUNDING 97 LEASE REVENUE BONDS
Assets				
Pooled cash and investments (note 3)	\$ -	\$ 6,018,301	\$ 4,861	\$ -
Prepaid	-	-	206,442	-
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	2,321	3,871	-
Total Assets	\$ -	\$ 6,020,622	\$ 215,174	\$ -
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	206,442	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	6,020,622	8,732	-
Endowment	-	-	-	-
Committed				
Library development	-	-	-	-
Unassigned				
Total Fund Balances (Deficits)	-	6,020,622	215,174	-
Total Liabilities and Fund Balances (Deficits)	\$ -	\$ 6,020,622	\$ 215,174	\$ -

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Permanent Funds

	CELEBRATION PARK ENDOWMENT	EQUESTRIAN TRAIL ENDOWMENT	ROCKRIDGE PARK ENDOWMENT	NPDES ENDOWMENT
Assets				
Pooled cash and investments (note 3)	\$ 52,475	\$ 11,823	\$ 113,135	\$ 33,392
Prepaid	-	-	-	-
Accounts	-	-	-	-
Interest	-	-	-	-
Notes and loans (note 4)	-	-	-	-
Due from other governments	-	-	-	-
Restricted assets:				
Cash with fiscal agents (note 3)	-	-	-	-
Total Assets	\$ 52,475	\$ 11,823	\$ 113,135	\$ 33,392
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Due to other funds (note 7)	-	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepays	-	-	-	-
Permanent fund principal	49,050	10,000	100,000	14,506
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	3,425	1,823	13,135	18,886
Committed				
Library development	-	-	-	-
Unassigned				
Total Fund Balances (Deficits)	52,475	11,823	113,135	33,392
Total Liabilities and Fund Balances (Deficits)	\$ 52,475	\$ 11,823	\$ 113,135	\$ 33,392

City of Moreno Valley, California

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

Permanent Funds

	<u>CULTURAL PRESERVATION</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Assets		
Pooled cash and investments (note 3)	\$ 128,850	\$ 68,882,780
Prepaid	-	216,278
Accounts	-	21,443
Interest	-	759,913
Notes and loans (note 4)	-	17,188,819
Due from other governments	-	24,896,045
Restricted assets:		
Cash with fiscal agents (note 3)	-	6,192
Total Assets	<u><u>\$ 128,850</u></u>	<u><u>\$ 111,971,470</u></u>
Liabilities		
Accounts payable	\$ -	\$ 11,882,491
Accrued liabilities	-	40,276
Due to other funds (note 7)	-	13,155,478
Unearned revenues	-	755,899
Total Liabilities	<u><u>-</u></u>	<u><u>25,834,144</u></u>
Deferred Inflows of Resources		
Unavailable revenues	-	19,499,119
Total Deferred Inflows of Resources	<u><u>-</u></u>	<u><u>19,499,119</u></u>
Fund Balances (Deficits)		
Nonspendable		
Prepays	-	216,278
Permanent fund principal	114,542	288,098
Restricted		
Community development projects	-	9,480,440
Public safety	-	604,679
Public works	-	19,768,888
Capital projects	-	23,997,900
Water quality	-	2,475,298
Debt service	-	6,029,354
Endowment	14,308	51,577
Committed		
Library development	-	7,768,000
Unassigned	-	(4,042,305)
Total Fund Balances (Deficits)	<u><u>128,850</u></u>	<u><u>66,638,207</u></u>
Total Liabilities and Fund Balances (Deficits)	<u><u>\$ 128,850</u></u>	<u><u>\$ 111,971,470</u></u>

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			
	STATE GASOLINE TAX	MEASURE A	AIR QUALITY MANAGEMENT	SPECIAL DISTRICTS ADMINISTRATION
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,963,561	6,639,058	270,648	-
Fees and charges for services	2,375	-	-	843,634
Use of money and property	-	149,203	4,348	37,337
Miscellaneous	-	-	-	-
Total Revenues	9,965,936	6,788,261	274,996	880,971
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	3,694,995	1,779,701	212,945	605,515
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	12,059,237	4,090,250	40,691	-
Total Expenditures	15,754,232	5,869,951	253,636	605,515
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,788,296)	918,310	21,360	275,456
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	(50,000)	(1,463,800)	-	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	(50,000)	(1,463,800)	-	-
Net change in fund balances	(5,838,296)	(545,490)	21,360	275,456
Fund balances - Beginning of Year	12,295,428	9,090,712	311,704	2,380,884
Fund balances - End of Year	\$ 6,457,132	\$ 8,545,222	\$ 333,064	\$ 2,656,340

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			
	STORM WATER MAINTENANCE	STORM WATER MANAGEMENT	CFD No. 4-M	PUBLIC EDUCATION GOVERNMENT ACCESS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees and charges for services	265,661	1,187,387	65,239	-
Use of money and property	-	-	1,261	-
Miscellaneous	-	-	-	392,192
Total Revenues	265,661	1,187,387	66,500	392,192
Expenditures				
Current:				
General government	-	-	-	661,349
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	519,584	629,984	37,246	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	519,584	629,984	37,246	661,349
Excess (Deficiency) of Revenues Over (Under) Expenditures	(253,923)	557,403	29,254	(269,157)
Other Financing Sources (Uses)				
Transfers in (note 7)	50,000	33,171	-	-
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	50,000	33,171	-	-
Net change in fund balances	(203,923)	590,574	29,254	(269,157)
Fund balances - Beginning of Year	299,884	1,884,724	83,113	859,659
Fund balances - End of Year	\$ 95,961	\$ 2,475,298	\$ 112,367	\$ 590,502

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			
	CIVIL PENALTIES	EMERGENCY SERVICES AGENCY FINES	ENERGY EFFICIENCY REVOLVING	GENERAL PLAN AMENDMENTS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	203,401	-	-
Fees and charges for services	-	-	-	-
Use of money and property	-	10,658	-	-
Miscellaneous	-	-	-	-
Total Revenues	-	214,059	-	-
Expenditures				
Current:				
General government	224	-	-	-
Public safety	-	31,883	-	-
Community and economic development	-	-	-	17,601
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	224	31,883	-	17,601
Excess (Deficiency) of Revenues Over (Under) Expenditures	(224)	182,176	-	(17,601)
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances	(224)	182,176	-	(17,601)
Fund balances - Beginning of Year	224	422,503	149,434	401,786
Fund balances - End of Year	\$ -	\$ 604,679	\$ 149,434	\$ 384,185

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

Special Revenue Funds

	QUIMBY IN-LIEU PARK FEES	RECYCLING PROGRAMS	CFD No. 2014-01	CHILD CARE GRANT
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ 384,941	\$ -
Intergovernmental	-	-	-	841,522
Fees and charges for services	1,925,531	-	29,640	-
Use of money and property	12,348	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,937,879	-	414,581	841,522
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	841,522
Public works	-	-	217,212	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	217,212	841,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,937,879	-	197,369	-
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	(168,351)	-	(10,665)	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	(168,351)	-	(10,665)	-
Net change in fund balances	1,769,528	-	186,704	-
Fund balances - Beginning of Year	1,040,622	-	844,120	8,293
Fund balances - End of Year	\$ 2,810,150	\$ -	\$ 1,030,824	\$ 8,293

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

Special Revenue Funds

	ASES PROGRAM GRANT	USED OIL RECYCLING GRANT	OTHER GRANTS	CAPITAL PROJECTS GRANTS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,374,940	27,953	2,907,269	10,350,027
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	9,374,940	27,953	2,907,269	10,350,027
Expenditures				
Current:				
General government	-	-	1,361,384	-
Public safety	-	-	74,855	-
Community and economic development	-	-	150,825	-
Community and cultural	9,374,940	-	121,906	-
Public works	-	27,953	14,848	-
Debt service:				
Principal retirement	-	-	27,583	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	1,183,452	9,757,926
Total Expenditures	9,374,940	27,953	2,934,853	9,757,926
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(27,584)	592,101
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	-	-	(692,878)	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	27,583	-
Total Other Financing Sources (Uses)	-	-	(665,295)	-
Net change in fund balances	-	-	(692,879)	592,101
Fund balances - Beginning of Year	29,809	-	685,697	(1,078,499)
Fund balances - End of Year	\$ 29,809	\$ -	\$ (7,182)	\$ (486,398)

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			
	LAW ENFORCEMENT GRANTS	HOME	NEIGHBORHOOD STABILIZATION GRANT	COMMUNITY DEVELOPMENT BLOCK GRANT
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	571,055	296,162	2,586	3,909,519
Fees and charges for services	-	-	-	-
Use of money and property	-	83,672	-	-
Miscellaneous	-	690	-	-
Total Revenues	571,055	380,524	2,586	3,909,519
Expenditures				
Current:				
General government	-	-	-	-
Public safety	532,837	-	-	40,878
Community and economic development	38,218	373,230	2,586	765,527
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	-	3,015,626
Total Expenditures	571,055	373,230	2,586	3,822,031
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	7,294	-	87,488
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	7,576
Transfers out (note 7)	-	-	(7,576)	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(7,576)	7,576
Net change in fund balances	-	7,294	(7,576)	95,064
Fund balances - Beginning of Year	-	5,788,067	7,576	152,732
Fund balances - End of Year	\$ -	\$ 5,795,361	\$ -	\$ 247,796

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds			Capital Projects Fund
	EMERGENCY SOLUTIONS GRANT	AMERICAN RESCUE PLAN	ARTICLE 3 TRANSPORTATION	FACILITY CONSTRUCTION
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	463,726	24,177,658	342,619	-
Fees and charges for services	-	-	-	7,053,178
Use of money and property	-	297,750	-	-
Miscellaneous	-	-	-	-
Total Revenues	463,726	24,475,408	342,619	7,053,178
Expenditures				
Current:				
General government	-	176,286	-	-
Public safety	-	24,299,122	-	-
Community and economic development	463,726	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	-	-	323,228	2,657,082
Total Expenditures	463,726	24,475,408	323,228	2,657,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	19,391	4,396,096
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	7,131,227
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	7,131,227
Net change in fund balances	-	-	19,391	11,527,323
Fund balances - Beginning of Year	-	-	(13,386)	11,887,019
Fund balances - End of Year	\$ -	\$ -	\$ 6,005	\$ 23,414,342

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Capital Projects Funds			
	TUMF CAPITAL PROJECTS	TRAFFIC SIGNAL MITIGATION	PARKS AND COMMUNITY SERVICES DEVELOPMENT AND CAPITAL PROJECTS	DIF CAPITAL PROJECTS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,364,013	-	-	-
Fees and charges for services	-	26,100	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,364,013	26,100	-	-
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	3,799,130	-	1,003,641	140,955
Total Expenditures	3,799,130	-	1,003,641	140,955
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,435,117)	26,100	(1,003,641)	(140,955)
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	753,676	400,000
Transfers out (note 7)	-	-	(236,847)	-
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	-	-	516,829	400,000
Net change in fund balances	(2,435,117)	26,100	(486,812)	259,045
Fund balances - Beginning of Year	(1,106,889)	3,473,724	3,958,785	1,120,716
Fund balances - End of Year	\$ (3,542,006)	\$ 3,499,824	\$ 3,471,973	\$ 1,379,761

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Debt Service Funds			
	2013 REFUNDING OF 2005 LEASE REVENUE BONDS	2014 REFUNDING OF 2005 LEASE REVENUE BONDS	2020 REFUNDING OF TRIP COP 13A	2011 PRIVATE PLACE REFUNDING 97 LEASE REVENUE BONDS
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	2,591	2,945	3,411	-
Miscellaneous	-	-	-	-
Total Revenues	2,591	2,945	3,411	-
Expenditures				
Current:				
General government	-	3,578	6,900	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	550	-	-	-
Debt service:				
Principal retirement	1,453,000	-	965,000	331,000
Interest and fiscal charges	36,233	1,009,333	431,179	6,587
Capital outlay	-	-	-	-
Total Expenditures	1,489,783	1,012,911	1,403,079	337,587
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,487,192)	(1,009,966)	(1,399,668)	(337,587)
Other Financing Sources (Uses)				
Transfers in (note 7)	1,487,099	1,013,291	1,404,685	187,587
Transfers out (note 7)	-	-	-	-
Transfers from Successor Agency	-	-	-	150,000
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	1,487,099	1,013,291	1,404,685	337,587
Net change in fund balances	(93)	3,325	5,017	-
Fund balances - Beginning of Year	93	6,017,297	210,157	-
Fund balances - End of Year	\$ -	\$ 6,020,622	\$ 215,174	\$ -

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Permanent Funds			
	CELEBRATION PARK ENDOWMENT	EQUESTRIAN TRAIL ENDOWMENT	ROCKRIDGE PARK ENDOWMENT	NPDES ENDOWMENT
Revenues				
Taxes:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	1,097	233	2,366	708
Miscellaneous	-	350	-	-
Total Revenues	1,097	583	2,366	708
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	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,097	583	2,366	708
Other Financing Sources (Uses)				
Transfers in (note 7)	-	-	-	-
Transfers out (note 7)	-	-	-	(223)
Transfers from Successor Agency	-	-	-	-
SBITA acquisition	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	(223)
Net change in fund balances	1,097	583	2,366	485
Fund balances - Beginning of Year	51,378	11,240	110,769	32,907
Fund balances - End of Year	\$ 52,475	\$ 11,823	\$ 113,135	\$ 33,392

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	<u>Permanent Funds</u>	
	<u>CULTURAL PRESERVATION</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Revenues		
Taxes:		
Other taxes	\$ -	\$ 384,941
Intergovernmental	-	71,705,717
Fees and charges for services	-	11,398,745
Use of money and property	2,693	612,621
Miscellaneous	-	393,232
Total Revenues	2,693	84,495,256
Expenditures		
Current:		
General government	-	2,209,721
Public safety	-	24,979,575
Community and economic development	-	1,811,713
Community and cultural	-	10,338,368
Public works	-	7,740,533
Debt service:		
Principal retirement	-	2,776,583
Interest and fiscal charges	-	1,483,332
Capital outlay	-	38,071,218
Total Expenditures	-	89,411,043
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,693	(4,915,787)
Other Financing Sources (Uses)		
Transfers in (note 7)	-	12,468,312
Transfers out (note 7)	-	(2,630,340)
Transfers from Successor Agency	-	150,000
SBITA acquisition	-	27,583
Total Other Financing Sources (Uses)	-	10,015,555
Net change in fund balances	2,693	5,099,769
Fund balances - Beginning of Year	126,157	61,538,438
Fund balances - End of Year	\$ 128,850	\$ 66,638,207

City of Moreno Valley, California
STATE GASOLINE TAX
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 9,259,648	\$ 11,508,703	\$ 9,963,561	\$ (1,545,142)
Fees and charges for services	-	-	2,375	2,375
Miscellaneous	1,000	1,000	-	(1,000)
Total Revenues	9,260,648	11,509,703	9,965,936	(1,543,767)
Expenditures				
Current:				
Public works	4,034,484	4,214,332	3,694,995	519,337
Capital outlay	4,135,000	14,695,747	12,059,237	2,636,510
Total Expenditures	8,169,484	18,910,079	15,754,232	3,155,847
Excess (deficiency) of revenues over expenditures	1,091,164	(7,400,376)	(5,788,296)	1,612,080
Other Financing Sources (Uses)				
Transfers in	326,000	-	-	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	276,000	(50,000)	(50,000)	-
Net change in fund balances	1,367,164	(7,450,376)	(5,838,296)	1,612,080
Fund balances - beginning	12,295,428	12,295,428	12,295,428	-
Fund balances - ending	\$ 13,662,592	\$ 4,845,052	\$ 6,457,132	\$ 1,612,080

City of Moreno Valley, California
MEASURE A
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 3,571,000	\$ 6,369,000	\$ 6,639,058	\$ 270,058
Use of money and property	30,000	30,000	149,203	119,203
Total Revenues	3,601,000	6,399,000	6,788,261	389,261
Expenditures				
Current:				
Public works	1,947,975	2,021,975	1,779,701	242,274
Capital outlay	140,000	5,216,995	4,090,250	1,126,745
Total Expenditures	2,087,975	7,238,970	5,869,951	1,369,019
Excess (deficiency) of revenues over expenditures	1,513,025	(839,970)	918,310	1,758,280
Other Financing Sources (Uses)				
Transfers out	(1,463,800)	(1,463,800)	(1,463,800)	-
Total Other Financing Sources (Uses)	(1,463,800)	(1,463,800)	(1,463,800)	-
Net change in fund balances	49,225	(2,303,770)	(545,490)	1,758,280
Fund balances - beginning	9,090,712	9,090,712	9,090,712	-
Fund balances - ending	\$ 9,139,937	\$ 6,786,942	\$ 8,545,222	\$ 1,758,280

City of Moreno Valley, California
AIR QUALITY MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 264,932	\$ 264,932	\$ 270,648	\$ 5,716
Use of money and property	2,500	2,500	4,348	1,848
Total Revenues	<u>267,432</u>	<u>267,432</u>	<u>274,996</u>	<u>7,564</u>
Expenditures				
Current:				
Public works	267,432	267,432	212,945	54,487
Capital outlay	20,000	51,466	40,691	10,775
Total Expenditures	<u>287,432</u>	<u>318,898</u>	<u>253,636</u>	<u>65,262</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(51,466)</u>	<u>21,360</u>	<u>72,826</u>
Net change in fund balances	(20,000)	(51,466)	21,360	72,826
Fund balances - beginning	311,704	311,704	311,704	-
Fund balances - ending	<u>\$ 291,704</u>	<u>\$ 260,238</u>	<u>\$ 333,064</u>	<u>\$ 72,826</u>

City of Moreno Valley, California
SPECIAL DISTRICTS ADMINISTRATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<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	\$ 710,142	\$ 710,142	\$ 843,634	\$ 133,492
Use of money and property	23,000	23,000	37,337	14,337
Total Revenues	<u>733,142</u>	<u>733,142</u>	<u>880,971</u>	<u>147,829</u>
Expenditures				
Current:				
Public works	664,787	846,975	605,515	241,460
Total Expenditures	<u>664,787</u>	<u>846,975</u>	<u>605,515</u>	<u>241,460</u>
Excess (deficiency) of revenues over expenditures	<u>68,355</u>	<u>(113,833)</u>	<u>275,456</u>	<u>389,289</u>
Net change in fund balances	68,355	(113,833)	275,456	389,289
Fund balances - beginning	2,380,884	2,380,884	2,380,884	-
Fund balances - ending	<u>\$ 2,449,239</u>	<u>\$ 2,267,051</u>	<u>\$ 2,656,340</u>	<u>\$ 389,289</u>

**City of Moreno Valley, California
 STORM WATER MAINTENANCE
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023**

	<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	\$ 495,982	\$ 495,982	\$ 265,661	\$ (230,321)
Total Revenues	495,982	495,982	265,661	(230,321)
Expenditures				
Current:				
Public works	545,982	545,982	519,584	26,398
Total Expenditures	545,982	545,982	519,584	26,398
Excess (deficiency) of revenues over expenditures	(50,000)	(50,000)	(253,923)	(203,923)
Other Financing Sources (Uses)				
Transfers in	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-
Net change in fund balances	-	-	(203,923)	(203,923)
Fund balances - beginning	299,884	299,884	299,884	-
Fund balances - ending	\$ 299,884	\$ 299,884	\$ 95,961	\$ (203,923)

City of Moreno Valley, California
STORM WATER MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<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	\$ 849,192	\$ 1,035,894	\$ 1,187,387	\$ 151,493
Total Revenues	849,192	1,035,894	1,187,387	151,493
Expenditures				
Current:				
Public works	679,348	679,348	629,984	49,364
Capital outlay	80,000	267,642	-	267,642
Total Expenditures	759,348	946,990	629,984	317,006
Excess (deficiency) of revenues over expenditures	89,844	88,904	557,403	468,499
Other Financing Sources (Uses)				
Transfers in	33,171	33,171	33,171	-
Total Other Financing Sources (Uses)	33,171	33,171	33,171	-
Net change in fund balances	123,015	122,075	590,574	468,499
Fund balances - beginning	1,884,724	1,884,724	1,884,724	-
Fund balances - ending	\$ 2,007,739	\$ 2,006,799	\$ 2,475,298	\$ 468,499

City of Moreno Valley, California
CFD No. 4-M
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 58,467	\$ 58,467	\$ 65,239	\$ 6,772
Use of money and property	100	100	1,261	1,161
Total Revenues	58,567	58,567	66,500	7,933
Expenditures				
Current:				
Public works	61,670	71,670	37,246	34,424
Total Expenditures	61,670	71,670	37,246	34,424
Excess (deficiency) of revenues over expenditures	(3,103)	(13,103)	29,254	42,357
Net change in fund balances	(3,103)	(13,103)	29,254	42,357
Fund balances - beginning	83,113	83,113	83,113	-
Fund balances - ending	\$ 80,010	\$ 70,010	\$ 112,367	\$ 42,357

City of Moreno Valley, California
PUBLIC EDUCATION GOVERNMENT ACCESS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Miscellaneous	\$ 575,006	\$ 575,006	\$ 392,192	\$ (182,814)
Total Revenues	575,006	575,006	392,192	(182,814)
Expenditures				
Current:				
General government	575,006	575,006	661,349	(86,343)
Total Expenditures	575,006	575,006	661,349	(86,343)
Excess (deficiency) of revenues over expenditures	-	-	(269,157)	(269,157)
Net change in fund balances	-	-	(269,157)	(269,157)
Fund balances - beginning	859,659	859,659	859,659	-
Fund balances - ending	\$ 859,659	\$ 859,659	\$ 590,502	\$ (269,157)

City of Moreno Valley, California
CIVIL PENALTIES
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
General government	\$ -	\$ 224	\$ 224	\$ -
Total Expenditures	<u>-</u>	<u>224</u>	<u>224</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>224</u>	<u>224</u>	<u>-</u>
Net change in fund balances	-	(224)	(224)	-
Fund balances - beginning	224	224	224	-
Fund balances - ending	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Moreno Valley, California
EMERGENCY SERVICES AGENCY FINES
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 80,000	\$ 157,942	\$ 203,401	\$ 45,459
Use of money and property	10,000	10,000	10,658	658
Total Revenues	90,000	167,942	214,059	46,117
Expenditures				
Current:				
Public safety	90,000	90,000	31,883	58,117
Total Expenditures	90,000	90,000	31,883	58,117
Excess (deficiency) of revenues over expenditures	-	77,942	182,176	104,234
Net change in fund balances	-	77,942	182,176	104,234
Fund balances - beginning	422,503	422,503	422,503	-
Fund balances - ending	\$ 422,503	\$ 500,445	\$ 604,679	\$ 104,234

**City of Moreno Valley, California
ENERGY EFFICIENCY REVOLVING
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous	\$ 10,000	\$ 10,000	\$ -	\$ (10,000)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Excess (deficiency) of revenues over expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Net change in fund balances	10,000	10,000	-	(10,000)
Fund balances - beginning	149,434	149,434	149,434	-
Fund balances - ending	<u>\$ 159,434</u>	<u>\$ 159,434</u>	<u>\$ 149,434</u>	<u>\$ (10,000)</u>

City of Moreno Valley, California
GENERAL PLAN AMENDMENTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Current:				
Community and economic development	\$ -	\$ 401,783	\$ 17,601	\$ 384,182
Total Expenditures	<u>-</u>	<u>401,783</u>	<u>17,601</u>	<u>384,182</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>401,783</u>	<u>17,601</u>	<u>384,182</u>
Net change in fund balances	-	(401,783)	(17,601)	384,182
Fund balances - beginning	401,786	401,786	401,786	-
Fund balances - ending	<u>\$ 401,786</u>	<u>\$ 3</u>	<u>\$ 384,185</u>	<u>\$ 384,182</u>

City of Moreno Valley, California
QUIMBY IN-LIEU PARK FEES
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<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	\$ 300,000	\$ 1,780,041	\$ 1,925,531	\$ 145,490
Use of money and property	10,000	10,000	12,348	2,348
Total Revenues	310,000	1,790,041	1,937,879	147,838
Excess (deficiency) of revenues over expenditures	310,000	1,790,041	1,937,879	147,838
Other Financing Sources (Uses)				
Transfers out	(155,000)	(168,351)	(168,351)	-
Total Other Financing Sources (Uses)	(155,000)	(168,351)	(168,351)	-
Net change in fund balances	155,000	1,621,690	1,769,528	147,838
Fund balances - beginning	1,040,622	1,040,622	1,040,622	-
Fund balances - ending	\$ 1,195,622	\$ 2,662,312	\$ 2,810,150	\$ 147,838

City of Moreno Valley, California
RECYCLING PROGRAMS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Moreno Valley, California
CFD No. 2014-01
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Other taxes	\$ 349,872	\$ 349,872	\$ 384,941	\$ 35,069
Fees and charges for services	3,000	3,000	29,640	26,640
Use of money and property	4,960	-	-	-
Total Revenues	357,832	352,872	414,581	61,709
Expenditures				
Current:				
Public works	356,636	356,635	217,212	139,423
Total Expenditures	356,636	356,635	217,212	139,423
Excess (deficiency) of revenues over expenditures	1,196	(3,763)	197,369	201,132
Other Financing Sources (Uses)				
Transfers out	(3,000)	(12,231)	(10,665)	1,566
Total Other Financing Sources (Uses)	(3,000)	(12,231)	(10,665)	1,566
Net change in fund balances	(1,804)	(15,994)	186,704	202,698
Fund balances - beginning	844,120	844,120	844,120	-
Fund balances - ending	\$ 842,316	\$ 828,126	\$ 1,030,824	\$ 202,698

City of Moreno Valley, California
CHILD CARE GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 857,850	\$ 857,850	\$ 841,522	\$ (16,328)
Fees and charges for services	10,000	10,000	-	(10,000)
Miscellaneous	750	750	-	(750)
Total Revenues	<u>868,600</u>	<u>868,600</u>	<u>841,522</u>	<u>(27,078)</u>
Expenditures				
Current:				
Community and cultural	868,600	868,600	841,522	27,078
Total Expenditures	<u>868,600</u>	<u>868,600</u>	<u>841,522</u>	<u>27,078</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	8,293	8,293	8,293	-
Fund balances - ending	<u>\$ 8,293</u>	<u>\$ 8,293</u>	<u>\$ 8,293</u>	<u>\$ -</u>

City of Moreno Valley, California
ASES PROGRAM GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 8,167,722	\$ 9,374,940	\$ 9,374,940	\$ -
Total Revenues	8,167,722	9,374,940	9,374,940	-
Expenditures				
Current:				
Community and cultural	8,202,046	9,374,940	9,374,940	-
Total Expenditures	8,202,046	9,374,940	9,374,940	-
Excess (deficiency) of revenues over expenditures	(34,324)	-	-	-
Net change in fund balances	(34,324)	-	-	-
Fund balances - beginning	29,809	29,809	29,809	-
Fund balances - ending	\$ (4,515)	\$ 29,809	\$ 29,809	\$ -

City of Moreno Valley, California
USED OIL RECYCLING
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 25,000	\$ 50,435	\$ 27,953	\$ (22,482)
Total Revenues	25,000	50,435	27,953	(22,482)
Expenditures				
Current:				
Public works	53,860	50,435	27,953	22,482
Total Expenditures	53,860	50,435	27,953	22,482
Excess (deficiency) of revenues over expenditures	(28,860)	-	-	-
Net change in fund balances	(28,860)	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (28,860)	\$ -	\$ -	\$ -

City of Moreno Valley, California
OTHER GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 378,526	\$ 6,624,691	\$ 2,907,269	\$ (3,717,422)
Total Revenues	378,526	6,624,691	2,907,269	(3,717,422)
Expenditures				
Current:				
General government	48,409	2,742,808	1,361,384	1,381,424
Public safety	-	249,284	74,855	174,429
Community and economic development	10,738	1,210,470	150,825	1,059,645
Community and cultural	113,462	215,717	121,906	93,811
Public works	-	-	14,848	(14,848)
Debt service:				
Principal retirement	-	-	27,583	(27,583)
Capital outlay	-	1,998,176	1,183,452	814,724
Total Expenditures	172,609	6,416,455	2,934,853	3,481,602
Excess (deficiency) of revenues over expenditures	205,917	208,236	(27,584)	(235,820)
Other Financing Sources (Uses)				
SBITA acquisition	-	-	27,583	27,583
Transfers out	-	-	(692,878)	(692,878)
Total Other Financing Sources (Uses)	-	-	(665,295)	(665,295)
Net change in fund balances	205,917	208,236	(692,879)	(901,115)
Fund balances - beginning	685,697	685,697	685,697	-
Fund balances - ending	\$ 891,614	\$ 893,933	\$ (7,182)	\$ (901,115)

City of Moreno Valley, California
CAPITAL PROJECTS GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 26,995,984	\$ 10,350,027	\$ (16,645,957)
Total Revenues	-	26,995,984	10,350,027	(16,645,957)
Expenditures				
Capital outlay	-	26,397,203	9,757,926	16,639,277
Total Expenditures	-	26,397,203	9,757,926	16,639,277
Excess (deficiency) of revenues over expenditures	-	598,781	592,101	(6,680)
Net change in fund balances	-	598,781	592,101	(6,680)
Fund balances - beginning	(1,078,499)	(1,078,499)	(1,078,499)	-
Fund balances - ending	\$ (1,078,499)	\$ (479,718)	\$ (486,398)	\$ (6,680)

City of Moreno Valley, California
LAW ENFORCEMENT GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 350,000	\$ 699,060	\$ 571,055	\$ (128,005)
Total Revenues	350,000	699,060	571,055	(128,005)
Expenditures				
Current:				
Public safety	350,000	532,837	532,837	-
Community and economic development	-	166,223	38,218	128,005
Total Expenditures	350,000	699,060	571,055	128,005
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California
HOME
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ 600,000	\$ 3,697,155	\$ 296,162	\$ (3,400,993)
Use of money and property	-	-	83,672	83,672
Miscellaneous	-	-	690	690
Total Revenues	<u>600,000</u>	<u>3,697,155</u>	<u>380,524</u>	<u>(3,316,631)</u>
Expenditures				
Current:				
Community and economic development	600,000	3,697,155	373,230	3,323,925
Total Expenditures	<u>600,000</u>	<u>3,697,155</u>	<u>373,230</u>	<u>3,323,925</u>
Excess (deficiency) of revenues over expenditures	-	-	<u>7,294</u>	<u>7,294</u>
Net change in fund balances	-	-	7,294	7,294
Fund balances - beginning	5,788,067	5,788,067	5,788,067	-
Fund balances - ending	<u>\$ 5,788,067</u>	<u>\$ 5,788,067</u>	<u>\$ 5,795,361</u>	<u>\$ 7,294</u>

City of Moreno Valley, California
NEIGHBORHOOD STABILIZATION GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 260,000	\$ -	\$ 2,586	\$ 2,586
Total Revenues	260,000	-	2,586	2,586
Expenditures				
Current:				
Community and economic development	260,000	-	2,586	(2,586)
Total Expenditures	260,000	-	2,586	(2,586)
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other Financing Sources (Uses)				
Transfers out	-	(7,576)	(7,576)	-
Total Other Financing Sources (Uses)	-	(7,576)	(7,576)	-
Net change in fund balances	-	(7,576)	(7,576)	-
Fund balances - beginning	7,576	7,576	7,576	-
Fund balances - ending	\$ 7,576	\$ -	\$ -	\$ -

City of Moreno Valley, California
COMMUNITY DEVELOPMENT BLOCK GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 4,041,004	\$ 6,348,133	\$ 3,909,519	\$ (2,438,614)
Total Revenues	4,041,004	6,348,133	3,909,519	(2,438,614)
Expenditures				
Current:				
Public safety	73,000	73,000	40,878	32,122
Community and economic development	1,407,592	1,407,592	765,527	642,065
Capital outlay	-	4,052,042	3,015,626	1,036,416
Total Expenditures	1,480,592	5,532,634	3,822,031	1,710,603
Excess (deficiency) of revenues over expenditures	2,560,412	815,499	87,488	(728,011)
Other Financing Sources (Uses)				
Transfers in	-	7,576	7,576	-
Total Other Financing Sources (Uses)	-	7,576	7,576	-
Net change in fund balances	2,560,412	823,075	95,064	(728,011)
Fund balances - beginning	152,732	152,732	152,732	-
Fund balances - ending	\$ 2,713,144	\$ 975,807	\$ 247,796	\$ (728,011)

**City of Moreno Valley, California
EMERGENCY SOLUTIONS GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ 2,568,991	\$ 2,249,808	\$ 463,726	\$ (1,786,082)
Total Revenues	2,568,991	2,249,808	463,726	(1,786,082)
Expenditures				
Current:				
Community and economic development	2,568,991	2,249,808	463,726	1,786,082
Total Expenditures	2,568,991	2,249,808	463,726	1,786,082
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California
AMERICAN RESCUE PLAN
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 24,177,658	\$ 24,177,658	\$ -
Use of money and property	-	300,000	297,750	(2,250)
Total Revenues	-	24,477,658	24,475,408	(2,250)
Expenditures				
Current:				
General government	-	343,614	176,286	167,328
Public safety	-	23,815,616	24,299,122	(483,506)
Total Expenditures	-	24,159,230	24,475,408	(316,178)
Excess (deficiency) of Revenues over Expenditures	-	318,428	-	(318,428)
Net Change in Fund Balances	-	318,428	-	(318,428)
Fund Balances - Beginning of Year	-	-	-	-
Fund Balances - End of Year	\$ -	\$ 318,428	\$ -	\$ (318,428)

City of Moreno Valley, California
ARTICLE 3 TRANSPORTATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 562,012	\$ 342,619	\$ (219,393)
Total Revenues	-	562,012	342,619	(219,393)
Expenditures				
Capital outlay	-	542,621	323,228	219,393
Total Expenditures	-	542,621	323,228	219,393
Excess (deficiency) of revenues over expenditures	-	19,391	19,391	-
Net change in fund balances	-	19,391	19,391	-
Fund balances - beginning	(13,386)	(13,386)	(13,386)	-
Fund balances - ending	\$ (13,386)	\$ 6,005	\$ 6,005	\$ -

City of Moreno Valley, California
FACILITY CONSTRUCTION
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	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	-	7,026,719	7,053,178	26,459
Total Revenues	1,000,000	8,026,719	7,053,178	(973,541)
Expenditures				
Capital outlay	808,705	17,820,149	2,657,082	15,163,067
Total Expenditures	808,705	17,820,149	2,657,082	15,163,067
Excess (deficiency) of revenues over expenditures	191,295	(9,793,430)	4,396,096	14,189,526
Other Financing Sources (Uses)				
Transfers in	808,705	7,256,227	7,131,227	(125,000)
Total Other Financing Sources (Uses)	808,705	7,256,227	7,131,227	(125,000)
Net change in fund balances	1,000,000	(2,537,203)	11,527,323	14,064,526
Fund balances - beginning	11,887,019	11,887,019	11,887,019	-
Fund balances - ending	\$ 12,887,019	\$ 9,349,816	\$ 23,414,342	\$ 14,064,526

City of Moreno Valley, California
TUMF CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 17,529,928	\$ 1,364,013	\$ (16,165,915)
Total Revenues	<u>-</u>	<u>17,529,928</u>	<u>1,364,013</u>	<u>(16,165,915)</u>
Expenditures				
Capital outlay	-	17,485,513	3,799,130	13,686,383
Total Expenditures	<u>-</u>	<u>17,485,513</u>	<u>3,799,130</u>	<u>13,686,383</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>44,415</u>	<u>(2,435,117)</u>	<u>(2,479,532)</u>
Net change in fund balances	-	44,415	(2,435,117)	(2,479,532)
Fund balances - beginning	(1,106,889)	(1,106,889)	(1,106,889)	-
Fund balances - ending	<u>\$ (1,106,889)</u>	<u>\$ (1,062,474)</u>	<u>\$ (3,542,006)</u>	<u>\$ (2,479,532)</u>

City of Moreno Valley, California
TRAFFIC SIGNAL MITIGATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fees and charges for services	\$ 40,000	\$ 40,000	\$ 26,100	\$ (13,900)
Total Revenues	40,000	40,000	26,100	(13,900)
Excess (deficiency) of revenues over expenditures	40,000	40,000	26,100	(13,900)
Net change in fund balances	40,000	40,000	26,100	(13,900)
Fund balances - beginning	3,473,724	3,473,724	3,473,724	\$ -
Fund balances - ending	\$ 3,513,724	\$ 3,513,724	\$ 3,499,824	\$ (13,900)

City of Moreno Valley, California
PARKS AND COMMUNITY SERVICES DEVELOPMENT AND CAPITAL PROJECTS
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures				
Capital outlay	\$ 405,000	\$ 4,227,652	\$ 1,003,641	\$ 3,224,011
Total Expenditures	405,000	4,227,652	1,003,641	3,224,011
Excess (deficiency) of revenues over expenditures	405,000	4,227,652	1,003,641	3,224,011
Other Financing Sources (Uses)				
Transfers in	405,000	753,676	753,676	-
Transfers out	-	(236,847)	(236,847)	-
Total Other Financing Sources (Uses)	405,000	516,829	516,829	-
Net change in fund balances	-	(3,710,823)	(486,812)	3,224,011
Fund balances - ending	3,958,785	3,958,785	3,958,785	-
Fund balances - ending	\$ 3,958,785	\$ 247,962	\$ 3,471,973	\$ 3,224,011

City of Moreno Valley, California
DIF CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Capital outlay	\$ -	\$ 1,424,537	\$ 140,955	\$ 1,283,582
Total Expenditures	<u>-</u>	<u>1,424,537</u>	<u>140,955</u>	<u>1,283,582</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1,424,537</u>	<u>140,955</u>	<u>1,283,582</u>
Other Financing Sources (Uses)				
Transfers in	-	400,000	400,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Net change in fund balances	-	(1,024,537)	259,045	1,283,582
Fund balances - beginning	1,120,716	1,120,716	1,120,716	-
Fund balances - ending	<u>\$ 1,120,716</u>	<u>\$ 96,179</u>	<u>\$ 1,379,761</u>	<u>\$ 1,283,582</u>

City of Moreno Valley, California
2013 REFUNDING OF 2005 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,591	\$ 2,591
Total Revenues	<u>-</u>	<u>-</u>	<u>2,591</u>	<u>2,591</u>
Expenditures				
Current:				
Public works	2,300	2,300	550	1,750
Debt service:				
Principal retirement	1,453,000	1,453,000	1,453,000	-
Interest	36,300	36,300	36,233	67
Total Expenditures	<u>1,491,600</u>	<u>1,491,600</u>	<u>1,489,783</u>	<u>1,817</u>
Excess (deficiency) of revenues over expenditures	<u>(1,491,600)</u>	<u>(1,491,600)</u>	<u>(1,487,192)</u>	<u>4,408</u>
Other Financing Sources (Uses)				
Transfers in	1,491,600	1,491,600	1,487,099	(4,501)
Total Other Financing Sources (Uses)	<u>1,491,600</u>	<u>1,491,600</u>	<u>1,487,099</u>	<u>(4,501)</u>
Net change in fund balances	-	-	(93)	(93)
Fund balances - beginning	93	93	93	-
Fund balances - ending	<u>\$ 93</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ (93)</u>

City of Moreno Valley, California
2014 REFUNDING OF 2005 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 2,945	\$ 2,945
Total Revenues	<u>-</u>	<u>-</u>	<u>2,945</u>	<u>2,945</u>
Expenditures				
Current:				
General government	3,958	3,958	3,578	380
Debt service:				
Interest	1,009,333	1,009,333	1,009,333	-
Total Expenditures	<u>1,013,291</u>	<u>1,013,291</u>	<u>1,012,911</u>	<u>380</u>
Excess (deficiency) of revenues over expenditures	<u>(1,013,291)</u>	<u>(1,013,291)</u>	<u>(1,009,966)</u>	<u>3,325</u>
Other Financing Sources (Uses)				
Transfers in	1,013,291	1,013,291	1,013,291	-
Total Other Financing Sources (Uses)	<u>1,013,291</u>	<u>1,013,291</u>	<u>1,013,291</u>	<u>-</u>
Net change in fund balances	-	-	3,325	3,325
Fund balances - beginning	6,017,297	6,017,297	6,017,297	-
Fund balances - ending	<u>\$ 6,017,297</u>	<u>\$ 6,017,297</u>	<u>\$ 6,020,622</u>	<u>\$ 3,325</u>

City of Moreno Valley, California
2020 REFUNDING OF TRIP COP 13A
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ -	\$ -	\$ 3,411	\$ 3,411
Total Revenues	<u>-</u>	<u>-</u>	<u>3,411</u>	<u>3,411</u>
Expenditures				
Current:				
General government	8,506	8,506	6,900	1,606
Debt service:				
Principal retirement	965,000	965,000	965,000	-
Interest	431,179	431,179	431,179	-
Total Expenditures	<u>1,404,685</u>	<u>1,404,685</u>	<u>1,403,079</u>	<u>1,606</u>
Excess (deficiency) of revenues over expenditures	<u>(1,404,685)</u>	<u>(1,404,685)</u>	<u>(1,399,668)</u>	<u>5,017</u>
Other Financing Sources (Uses)				
Transfers in	1,404,685	1,404,685	1,404,685	-
Total Other Financing Sources (Uses)	<u>1,404,685</u>	<u>1,404,685</u>	<u>1,404,685</u>	<u>-</u>
Net change in fund balances	-	-	5,017	5,017
Fund balances - beginning	210,157	210,157	210,157	-
Fund balances - ending	<u>\$ 210,157</u>	<u>\$ 210,157</u>	<u>\$ 215,174</u>	<u>\$ 5,017</u>

City of Moreno Valley, California
2011 PRIVATE PLACEMENT REFUNDING 97 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Debt service:				
Principal retirement	\$ 331,000	\$ 331,000	\$ 331,000	\$ -
Interest	6,587	6,587	6,587	-
Total Expenditures	337,587	337,587	337,587	-
Excess (deficiency) of revenues over expenditures	337,587	337,587	337,587	-
Other Financing Sources (Uses)				
Transfers in	187,587	187,587	187,587	-
Transfers from Successor Agency	150,000	150,000	150,000	-
Total Other Financing Sources (Uses)	337,587	337,587	337,587	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

City of Moreno Valley, California
CELEBRATION PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,097	\$ 97
Total Revenues	1,000	1,000	1,097	97
Excess (deficiency) of revenues over expenditures	1,000	1,000	1,097	97
Net change in fund balances	1,000	1,000	1,097	97
Fund balances - beginning	51,378	51,378	51,378	-
Fund balances - ending	\$ 52,378	\$ 52,378	\$ 52,475	\$ 97

City of Moreno Valley, California
EQUESTRIAN TRAIL ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 200	\$ 200	\$ 233	\$ 33
Miscellaneous	-	-	350	350
Total Revenues	<u>200</u>	<u>200</u>	<u>583</u>	<u>383</u>
Expenditures				
Current:				
Community and cultural	200	200	-	200
Total Expenditures	<u>200</u>	<u>200</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over expenditures	-	-	583	583
Net change in fund balances	-	-	583	583
Fund balances - beginning	11,240	11,240	11,240	-
Fund balances - ending	<u>\$ 11,240</u>	<u>\$ 11,240</u>	<u>\$ 11,823</u>	<u>\$ 583</u>

City of Moreno Valley, California
ROCKRIDGE PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,800	\$ 1,800	\$ 2,366	\$ 566
Total Revenues	1,800	1,800	2,366	566
Expenditures				
Current:				
Community and cultural	6,142	6,142	-	6,142
Total Expenditures	6,142	6,142	-	6,142
Excess (deficiency) of revenues over expenditures	(4,342)	(4,342)	2,366	6,708
Net change in fund balances	(4,342)	(4,342)	2,366	6,708
Fund balances - beginning	110,769	110,769	110,769	-
Fund balances - ending	\$ 106,427	\$ 106,427	\$ 113,135	\$ 6,708

City of Moreno Valley, California
NPDES ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Use of money and property	\$ 300	\$ 300	\$ 708	\$ 408
Total Revenues	300	300	708	408
Excess (deficiency) of revenues over expenditures	300	300	708	408
Other Financing Sources (Uses)				
Transfers out	(223)	(223)	(223)	-
Total Other Financing Sources (Uses)	(223)	(223)	(223)	-
Net change in fund balances	77	77	485	408
Fund balances - beginning	32,907	32,907	32,907	-
Fund balances - ending	\$ 32,984	\$ 32,984	\$ 33,392	\$ 408

City of Moreno Valley, California
CULTURAL PRESERVATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Use of money and property	\$ 1,600	\$ 1,600	\$ 2,693	\$ 1,093
Total Revenues	1,600	1,600	2,693	1,093
Excess (deficiency) of revenues over expenditures	1,600	1,600	2,693	1,093
Net change in fund balances	1,600	1,600	2,693	1,093
Fund balances - beginning	126,157	126,157	126,157	-
Fund balances - ending	\$ 127,757	\$ 127,757	\$ 128,850	\$ 1,093

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 depreciation on the City Hall 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 recovers costs 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 recovers costs through user charges for each fund's share of annual depreciation; and provides a funding source to participating funds for capital replacement.

Unfunded Liabilities Fund

This fund is used to account for the accumulation of cash reserves to provide for payment of future unfunded liabilities, such as those associated with employee benefits like pension, OPEB, and compensated absence, attributable to services already rendered.

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
Assets				
Current:				
Pooled cash and investments	\$ 5,082,270	\$ 3,856,935	\$ 11,972,953	\$ 18,965,196
Accounts receivable	-	-	-	47
Prepays	33,196	1,250	-	2,478
Inventories	-	-	-	34,538
Total Current Assets	5,115,466	3,858,185	11,972,953	19,002,259
Noncurrent:				
Capital assets - net of accumulated depreciation	-	-	2,906,642	8,617,048
Total Noncurrent Assets	-	-	2,906,642	8,617,048
Total Assets	5,115,466	3,858,185	14,879,595	27,619,307
Liabilities				
Current:				
Accounts payable	-	2,440	1,535,987	383,561
Compensated absences	11,340	2,791	-	83,543
Self-insurance payable	893,000	394,000	-	-
Total Current Liabilities	904,340	399,231	1,535,987	467,104
Noncurrent:				
Compensated absences	7,560	1,861	-	55,695
Self-insurance payable	1,604,000	1,143,000	-	-
Total Noncurrent Liabilities	1,611,560	1,144,861	-	55,695
Total Liabilities	2,515,900	1,544,092	1,535,987	522,799
Net Position				
Net investment in capital assets	-	-	2,906,642	8,617,048
Unrestricted	2,599,566	2,314,093	10,436,966	18,479,460
Total Net Position	\$ 2,599,566	\$ 2,314,093	\$ 13,343,608	\$ 27,096,508

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	FLEET OPERATIONS	EQUIPMENT REPLACEMENT RESERVE	UNFUNDED LIABILITIES	TOTAL
Assets				
Current:				
Pooled cash and investments	\$ 12,049,049	\$ 23,981,312	\$ 6,563,042	\$ 82,470,757
Accounts receivable	-	-	-	47
Prepays	-	-	-	36,924
Inventories	12,829	-	-	47,367
Total Current Assets	12,061,878	23,981,312	6,563,042	82,555,095
Noncurrent:				
Capital assets - net of accumulated depreciation	82,666	-	-	11,606,356
Total Noncurrent Assets	82,666	-	-	11,606,356
Total Assets	12,144,544	23,981,312	6,563,042	94,161,451
Liabilities				
Current:				
Accounts payable	62,100	-	-	1,984,088
Compensated absences	59,445	-	-	157,119
Self-insurance payable	-	-	-	1,287,000
Total Current Liabilities	121,545	-	-	3,428,207
Noncurrent:				
Compensated absences	39,630	-	-	104,746
Self-insurance payable	-	-	-	2,747,000
Total Noncurrent Liabilities	39,630	-	-	2,851,746
Total Liabilities	161,175	-	-	6,279,953
Net Position				
Net investment in capital assets	82,666	-	-	11,606,356
Unrestricted	11,900,703	23,981,312	6,563,042	76,275,142
Total Net Position	\$ 11,983,369	\$ 23,981,312	\$ 6,563,042	\$ 87,881,498

City of Moreno Valley, California

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
Operating Revenues				
Sales and service charges	\$ 1,087,130	\$ 485,953	\$ -	\$ 4,037,176
Miscellaneous	11,745	-	-	-
Total Operating Revenues	1,098,875	485,953	-	4,037,176
Operating Expenses				
Cost of services	371,601	123,772	20,210	5,658,540
Depreciation expense	-	-	504,531	478,141
Self-insurance claims and charges	3,213,824	512,090	-	-
Total Operating Expenses	3,585,425	635,862	524,741	6,136,681
Operating Income (Loss)	(2,486,550)	(149,909)	(524,741)	(2,099,505)
Transfers in (note 7)	4,600,000	1,000,000	1,525,000	11,500,000
Transfers out (note 7)	-	-	-	(1,708,227)
Change in Net Position	2,113,450	850,091	1,000,259	7,692,268
Total Net Position - Beginning of Year	486,116	1,464,002	12,343,349	19,404,240
Total Net Position - End of Year	\$ 2,599,566	\$ 2,314,093	\$ 13,343,608	\$ 27,096,508

City of Moreno Valley, California

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	FLEET OPERATIONS	EQUIPMENT REPLACEMENT RESERVE	UNFUNDED LIABILITIES	TOTAL
Operating Revenues				
Sales and service charges	\$ 2,267,614	\$ 1,078,914	\$ -	\$ 8,956,787
Miscellaneous	-	-	-	11,745
Total Operating Revenues	2,267,614	1,078,914	-	8,968,532
Operating Expenses				
Cost of services	1,600,712	-	-	7,774,835
Depreciation expense	27,513	-	-	1,010,185
Self-insurance claims and charges	-	-	-	3,725,914
Total Operating Expenses	1,628,225	-	-	12,510,934
Operating Income (Loss)	639,389	1,078,914	-	(3,542,402)
Transfers in (note 7)	1,645,000	3,000,000	1,000,000	24,270,000
Transfers out (note 7)	-	-	-	(1,708,227)
Change in Net Position	2,284,389	4,078,914	1,000,000	19,019,371
Total Net Position - Beginning of Year	9,698,980	19,902,398	5,563,042	68,862,127
Total Net Position - End of Year	\$ 11,983,369	\$ 23,981,312	\$ 6,563,042	\$ 87,881,498

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	GENERAL LIABILITY INSURANCE	WORKERS' COMPENSATION INSURANCE	TECHNOLOGY SERVICES	FACILITIES MAINTENANCE
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 1,098,875	\$ 485,953	\$ -	\$ 4,037,129
Payments to suppliers	(278,859)	(61,532)	1,515,777	(4,678,262)
Payments to employees	(156,867)	(58,244)	-	(895,437)
Cash paid for claims	(1,786,824)	(572,090)	-	-
Net cash provided (used) by operating activities	(1,123,675)	(205,913)	1,515,777	(1,536,570)
Cash Flows from Noncapital Financing Activities				
Cash transfers in	4,600,000	1,000,000	1,525,000	11,500,000
Cash transfers out	-	-	-	(1,708,227)
Net cash provided (used) by noncapital financing activities	4,600,000	1,000,000	1,525,000	9,791,773
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	(1,525,835)	(10,667)
Net cash provided (used) by capital and related financing activities	-	-	(1,525,835)	(10,667)
Cash Flows from Investing Financing				
Net increase (decrease) in cash and cash equivalents	3,476,325	794,087	1,514,942	8,244,536
Balances - beginning of year	1,605,945	3,062,848	10,458,011	10,720,660
Balances - end of the year	\$ 5,082,270	\$ 3,856,935	\$ 11,972,953	\$ 18,965,196
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ (2,486,550)	\$ (149,909)	\$ (524,741)	\$ (2,099,505)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	504,531	478,141
Changes in assets and liabilities:				
Customer Receivables	-	-	-	(47)
Prepays	(33,196)	-	-	(1,766)
Inventories	-	-	-	9,143
Accounts Payable	(33,219)	72	1,535,987	106,047
Self Insurance Payable	1,427,000	(60,000)	-	-
Compensated absences	2,290	3,924	-	(28,583)
Net cash provided (used) by operating activities	\$ (1,123,675)	\$ (205,913)	\$ 1,515,777	\$ (1,536,570)

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	FLEET OPERATIONS	EQUIPMENT REPLACEMENT RESERVE	UNFUNDED LIABILITIES	TOTAL
Cash Flows from Operating Activities				
Cash receipts from customers	\$ 2,267,614	\$ 1,078,914	\$ -	\$ 8,968,485
Payments to suppliers	(1,024,967)	-	-	(4,527,843)
Payments to employees	(574,230)	-	-	(1,684,778)
Cash paid for claims	-	-	-	(2,358,914)
Net cash provided (used) by operating activities	668,417	1,078,914	-	396,950
Cash Flows from Noncapital Financing Activities				
Cash transfers in	1,645,000	3,000,000	1,000,000	24,270,000
Cash transfers out	-	-	-	(1,708,227)
Net cash provided (used) by noncapital financing activities	1,645,000	3,000,000	1,000,000	22,561,773
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	-	(1,536,502)
Net cash provided (used) by capital and related financing activities	-	-	-	(1,536,502)
Cash Flows from Investing Financing				
Net increase (decrease) in cash and cash equivalents	2,313,417	4,078,914	1,000,000	21,422,221
Balances - beginning of year	9,735,632	19,902,398	5,563,042	61,048,536
Balances - end of the year	\$ 12,049,049	\$ 23,981,312	\$ 6,563,042	\$ 82,470,757
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income (loss)	\$ 639,389	\$ 1,078,914	\$ -	\$ (3,542,402)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	27,513	-	-	1,010,185
Changes in assets and liabilities:				
Customer Receivables	-	-	-	(47)
Prepays	-	-	-	(34,962)
Inventories	2,385	-	-	11,528
Accounts Payable	(12,170)	-	-	1,596,717
Self Insurance Payable	-	-	-	1,367,000
Compensated absences	11,300	-	-	(11,069)
Net cash provided (used) by operating activities	\$ 668,417	\$ 1,078,914	\$ -	\$ 396,950

City of Moreno Valley, California

CUSTODIAL FUNDS

MSHCP Trust

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).

Pass Through Agreements

This fund is used to account for the collection of fees such as Kangaroo Rat Mitigation fee, Strong Motion and Instrumentation fee, and Waste Management fee that are collected on behalf of and remitted to various government and private organizations.

City of Moreno Valley, California

Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	<u>MSHCP TRUST</u>	<u>PASS THROUGH AGREEMENTS</u>	<u>TOTAL</u>
Assets			
Pooled cash and investment	\$ 625,123	\$ 974,777	\$ 1,599,900
Total Assets	<u>625,123</u>	<u>974,777</u>	<u>1,599,900</u>
Liabilities			
Accounts payable	625,123	974,777	1,599,900
Total Liabilities	<u>625,123</u>	<u>974,777</u>	<u>1,599,900</u>
Net Position			
Restricted for organizations and other governments	-	-	-
Total Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Moreno Valley, California

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	<u>MSHCP TRUST</u>	<u>PASS THROUGH AGREEMENTS</u>	<u>TOTAL</u>
Additions			
Receipts from property owners	\$ 554,979	\$ 14,931	\$ 569,910
Total Additions	<u>554,979</u>	<u>14,931</u>	<u>569,910</u>
Deductions			
Due to trustee	475,710	13,052	488,762
Payments to trustee	79,269	1,879	81,148
Total Deductions	<u>554,979</u>	<u>14,931</u>	<u>569,910</u>
Net increase (decrease) in fiduciary net position	-	-	-
Net Position - Beginning of year	-	-	-
Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The background is a solid blue color. In the lower half, there are dark blue silhouettes of a bird in flight on the left and a large, leafy bush or tree on the right. The text is white and positioned in the upper half of the page.

CITY OF MORENO VALLEY
ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

Statistical Section

FISCAL YEAR ENDED
JUNE 30, 2023

FINANCIAL & MANAGEMENT SERVICES
D E P A R T M E N T

STATISTICAL SECTION

This part of the City of Moreno Valley's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Page #

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 841,259,763	\$ 848,135,743	\$ 843,153,359	\$ 839,572,666	\$ 837,174,593	\$ 823,199,477	\$ 807,820,542	\$ 815,230,770	\$ 790,714,054	\$ 856,489,261
Restricted for:										
Community development projects	47,104,275	44,564,797	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104	76,026,632	45,190,864	46,500,366
Community and cultural	13,201,156	15,490,740	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049	22,426,157	23,276,291	30,105,216
Public safety	328,236	1,000,633	473,282	509,262	595,357	618,440	618,793	583,248	422,503	604,679
Public works/capital projects	56,388,219	43,385,566	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024	63,605,906	87,504,537	81,457,406
Debt service	11,996,640	9,695,909	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207	6,224,295	6,021,107	6,029,355
Other programs	538,101	538,908	707,617	949,249	1,155,659	1,350,421	1,411,128	1,608,165	1,884,724	2,475,298
Permanent funds	328,823	332,597	337,682	338,156	324,240	336,843	345,754	346,215	44,353	51,578
Unrestricted:	70,552,111	33,342,552	27,376,839	26,675,321	20,688,716	30,516,185	35,538,041	52,708,448	133,179,233	139,483,474
Total Governmental activities net position	\$ 1,041,697,324	\$ 996,487,445	\$ 1,012,158,113	\$ 1,003,482,558	\$ 1,004,800,070	\$ 1,014,023,136	\$ 1,004,278,642	\$ 1,038,759,836	\$ 1,088,237,666	\$ 1,163,196,633
Business-type activities										
Net investment in capital assets	\$ 9,569,296	\$ 10,903,412	\$ 13,977,670	\$ 20,512,511	\$ 20,959,563	\$ 25,289,496	\$ 25,754,111	\$ 29,351,232	\$ 27,055,337	\$ 30,453,356
Restricted for:										
Regulatory contingencies	3,903,663	3,803,242	-	4,806,157	5,460,607	6,125,796	5,048,552	6,069,655	7,939,389	10,225,486
Unrestricted:	260,457	4,297,438	12,487,075	4,972,812	12,167,888	12,732,634	21,280,425	27,784,971	36,230,192	43,052,904
Total Business-type activities net position	\$ 13,733,416	\$ 19,004,092	\$ 26,464,745	\$ 30,291,480	\$ 38,588,058	\$ 44,147,926	\$ 52,083,088	\$ 63,205,858	\$ 71,224,918	\$ 83,731,746
Primary government										
Net investment in capital assets	\$ 850,829,059	\$ 859,039,155	\$ 857,131,029	\$ 860,085,177	\$ 858,134,156	\$ 848,488,973	\$ 833,574,653	\$ 844,582,002	\$ 817,769,391	\$ 886,942,617
Restricted for:										
Community development projects	47,104,275	44,564,797	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104	76,026,632	45,190,864	46,500,366
Community and cultural	13,201,156	15,490,740	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049	22,426,157	23,276,291	30,105,216
Public safety	328,236	1,000,633	473,282	509,262	595,357	618,440	618,793	583,248	422,503	604,679
Public works/capital projects	56,388,219	43,385,566	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024	63,605,906	87,504,537	81,457,406
Debt service	11,996,640	9,695,909	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207	6,224,295	6,021,107	6,029,355
Other programs	538,101	538,908	707,617	949,249	1,155,659	1,350,421	1,411,128	1,608,165	1,884,724	2,475,298
Permanent funds	328,823	332,597	337,682	338,156	324,240	336,843	345,754	346,215	44,353	51,578
Public purpose programs	3,903,663	3,803,242	-	4,806,157	5,460,607	6,125,796	5,048,552	6,069,655	7,939,389	10,225,486
Unrestricted:	70,812,568	37,639,990	39,863,914	31,648,133	32,856,604	43,248,819	56,818,466	80,493,419	169,409,425	182,536,378
Total primary government net position	\$ 1,055,430,740	\$ 1,015,491,537	\$ 1,038,622,858	\$ 1,033,774,038	\$ 1,043,388,128	\$ 1,058,171,062	\$ 1,056,361,730	\$ 1,101,965,694	\$ 1,159,462,584	\$ 1,246,928,379

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 12,081,324	\$ 26,675,932	\$ 17,250,813	\$ 20,743,087	\$ 17,866,194	\$ 17,692,328	\$ 21,724,336	\$ 22,833,748	\$ 30,489,658	\$ 26,811,517
Public safety	53,578,915	56,270,003	56,238,838	57,880,925	62,932,166	62,282,794	65,849,855	65,544,156	68,558,932	76,207,709
Community and economic development	7,755,380	9,873,837	9,228,108	9,895,574	16,127,907	17,643,399	15,366,811	17,029,907	18,199,243	15,911,117
Community and cultural	20,615,807	20,589,032	20,910,986	22,144,633	23,158,730	23,653,269	25,136,772	25,586,885	27,179,371	28,558,641
Public works	43,540,207	29,397,062	34,772,136	39,433,172	47,833,852	50,392,109	55,562,894	51,087,761	49,394,862	50,775,462
Interest and fiscal charges	4,031,673	3,338,928	3,625,888	2,407,992	2,201,392	2,106,238	2,006,183	1,328,064	1,859,429	2,735,642
Total Governmental activities expenses	<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>	<u>183,410,521</u>	<u>195,681,495</u>	<u>201,000,088</u>
Business-type activities:										
Electric	19,796,146	22,277,378	24,230,159	25,319,390	26,286,674	28,740,920	30,514,567	32,862,486	36,722,932	40,907,575
Total business-type activities expenses	<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>	<u>32,862,486</u>	<u>36,722,932</u>	<u>40,907,575</u>
Total primary government expenses	<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>	<u>\$ 216,273,007</u>	<u>\$ 232,404,427</u>	<u>\$ 241,907,663</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,057,964	\$ 4,996,612	\$ 6,142,310	\$ 6,705,689	\$ 7,862,247	\$ 7,531,941	\$ 6,168,776	\$ 7,236,038	\$ 12,730,053	\$ 10,276,989
Public safety	3,077,843	3,196,167	3,409,176	3,013,430	3,797,064	3,726,879	2,527,911	2,903,821	3,983,806	4,197,413
Community and economic development	7,620,631	7,529,017	7,437,687	3,710,803	10,912,039	14,891,509	9,015,897	19,231,538	11,511,757	11,883,403
Community and cultural	6,518,337	6,292,363	4,927,785	5,992,611	5,947,505	5,527,271	5,176,845	360,074	1,015,165	1,208,759
Public works	2,604,218	3,245,439	3,268,761	3,765,362	6,547,035	4,809,398	4,506,187	11,821,680	9,270,617	9,580,855
Operating contributions and grants:										
General government	121,564	154,230	121,850	146,906	325,286	235,088	348,315	250,857	352,232	327,845
Public safety	687,498	4,213,573	3,954,561	2,459,630	2,896,580	1,925,943	4,873,871	5,056,115	37,471,672	4,616,284
Community and economic development	4,972,354	2,278,546	1,225,925	120,222	363,296	253,588	777,408	5,888,527	9,584,813	26,378,847
Community and cultural	7,515,185	7,595,170	7,437,170	7,306,606	8,329,978	8,492,028	9,291,831	10,072,938	11,306,307	10,477,142
Public works	12,279,173	12,837,819	10,131,877	9,395,207	9,940,429	13,026,677	12,843,565	14,032,036	15,691,305	17,164,641
Capital grants and contributions										
General government	17,576	-	-	-	-	4,808	-	-	-	-
Community and economic development	9,729,528	16,679,953	16,349,211	-	-	-	-	-	-	-
Community and cultural	-	-	-	-	431,335	-	-	-	-	-
Public works	6,544,892	5,052,634	1,638,903	5,544,464	647,635	15,433,181	6,933,754	24,600,896	6,116,441	19,979,476
Total governmental activities program revenues	<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>	<u>101,454,520</u>	<u>119,034,168</u>	<u>116,091,654</u>
Business-type activities:										
Charges for services:										
Electric	20,213,736	27,678,542	29,363,663	29,090,573	31,443,140	31,074,323	35,899,025	39,507,049	45,339,827	48,711,053
Operating/Capital grants and contributions	-	-	-	-	-	2,496,022	1,704,623	3,831,308	832,461	2,208,429
Total business-type activities program revenues	<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>	<u>43,338,357</u>	<u>46,172,288</u>	<u>50,919,482</u>
Total primary government program revenues	<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>	<u>\$ 144,792,877</u>	<u>\$ 165,206,456</u>	<u>\$ 167,011,136</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (Expense)/Revenue										
Governmental activities	\$ (74,856,543)	\$ (72,073,271)	\$ (75,981,553)	\$ (104,344,453)	\$ (112,119,812)	\$ (97,911,826)	\$ (123,182,491)	\$ (81,956,001)	\$ (76,647,327)	\$ (84,908,434)
Business-type activities	417,590	5,401,164	5,133,504	3,771,183	5,156,466	4,829,425	7,089,081	10,475,871	9,449,356	10,011,907
Total primary government net (expense)/revenue	<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>	<u>\$ (71,480,130)</u>	<u>\$ (67,197,971)</u>	<u>\$ (74,896,527)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 28,153,697	\$ 30,738,190	\$ 33,418,804	\$ 35,664,089	\$ 38,152,053	\$ 40,517,556	\$ 44,284,961	\$ 47,480,138	\$ 49,694,895	\$ 54,491,764
Transient occupancy taxes	991,431	1,197,143	1,416,343	1,852,584	2,344,159	2,433,358	2,731,202	3,638,959	4,731,985	4,787,129
Sales taxes	15,887,129	16,130,340	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809
Franchise taxes	5,361,531	5,885,913	5,493,936	5,384,726	5,680,137	5,968,690	6,150,038	6,448,031	6,847,689	7,994,625
Business license taxes	1,581,918	1,886,558	2,249,400	2,291,816	2,351,794	2,451,260	2,461,291	2,664,404	2,668,645	2,959,202
Utility users taxes	15,595,141	16,138,202	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114
Other taxes	6,467,203	6,512,910	6,529,065	6,464,018	6,678,812	6,892,345	6,988,270	8,250,581	7,433,316	10,842,736
Franchise in lieu taxes	194,943	278,186	293,022	288,383	620,349	617,101	644,760	728,885	858,828	1,051,159
Documentary transfer tax	447,103	502,822	740,120	719,514	767,591	833,082	935,133	739,434	1,314,039	954,975
Use of money and property	4,718,739	3,440,087	4,774,277	2,639,133	6,166,810	9,724,871	12,006,098	2,306,145	(7,101,511)	8,393,925
Miscellaneous	696,377	403,609	1,975,035	769,125	1,040,861	999,027	1,090,864	1,872,604	1,398,878	12,728,963
Contributed capital	-	-	-	-	14,513,139	-	-	-	-	-
Extraordinary items	26,364,076	-	-	-	-	-	-	-	-	-
Transfers	(904,032)	-	-	-	300,000	5,354	147,460	-	-	-
Total governmental activities	<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>	<u>116,214,123</u>	<u>126,125,157</u>	<u>159,867,401</u>
Business-type activities										
Use of property and money	35,249	137,947	202,544	129,253	47,572	504,300	810,852	380,035	(1,654,123)	910,770
Miscellaneous	531,523	1,141,838	2,124,605	209,279	293,756	231,497	182,689	266,864	223,827	1,584,151
Contributed capital	-	-	-	-	3,098,784	-	-	-	-	-
Transfers	904,032	-	-	-	(300,000)	(5,354)	(147,460)	-	-	-
Total business-type activities	<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>	<u>646,899</u>	<u>(1,430,296)</u>	<u>2,494,921</u>
Total primary government	<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>	<u>\$ 116,861,022</u>	<u>\$ 124,694,861</u>	<u>\$ 162,362,322</u>
Change in Net Position										
Government activities	\$ 30,698,713	\$ 11,040,689	\$ 15,670,668	\$ (14,262,139)	\$ 1,317,510	\$ 9,223,066	\$ (9,744,494)	\$ 34,258,122	\$ 49,477,830	\$ 74,958,967
Business-type activities	1,888,394	6,680,949	7,460,653	4,109,715	8,296,578	5,559,868	7,935,162	11,122,770	8,019,060	12,506,828
Total primary government	<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>	<u>\$ 45,380,892</u>	<u>\$ 57,496,890</u>	<u>\$ 87,465,795</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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 9,132,415	\$ 8,388,275	\$ 8,215,977	\$ 8,395,058	\$ 11,444,674	\$ 10,973,748	\$ 11,145,637	\$ 11,360,516	\$ 11,467,906	\$ 11,654,770
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	2,729,722	2,266,281	2,755,281	13,359,691	13,844,094	16,187,828	16,187,828	17,111,082	18,970,110	25,301,966
Assigned	1,156,993	1,115,184	2,621,245	10,007,195	10,742,934	16,433,572	17,495,351	19,912,414	15,698,448	38,016,554
Unassigned	27,536,445	31,606,163	37,529,532	24,369,793	19,690,252	22,138,541	25,641,999	38,201,342	51,127,685	23,671,159
Total General Fund	<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>	<u>\$ 86,585,354</u>	<u>\$ 97,264,149</u>	<u>\$ 98,644,449</u>
All Other Funds										
Nonspendable	\$ 6,848,083	\$ 6,351,290	\$ 5,869,254	\$ 5,863,731	\$ 301,800	\$ 296,615	\$ 288,098	\$ 299,765	\$ 502,038	\$ 522,756
Restricted	123,037,367	110,373,496	103,223,132	98,182,217	110,783,344	123,852,864	125,764,203	129,507,392	164,344,379	167,223,894
Committed	-	-	1,000,000	5,768,000	5,768,000	6,768,000	7,768,000	7,768,000	7,768,000	7,768,000
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(449,279)	(447,628)	(122,130)	(207,251)	(204,086)	(198,206)	-	(13,140)	(2,198,774)	(4,042,305)
Total all other funds	<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>	<u>\$ 137,562,017</u>	<u>\$ 170,415,643</u>	<u>\$ 171,472,345</u>

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue										
Taxes:										
Property taxes	\$ 28,153,697	\$ 30,738,190	\$ 39,806,252	\$ 35,664,089	\$ 38,152,053	\$ 40,517,556	\$ 44,284,961	\$ 47,480,138	\$ 49,694,895	\$ 54,491,764
Utility users taxes	15,595,141	16,138,202	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114
Sales taxes	15,887,129	16,130,340	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809
Other taxes	15,044,129	16,263,532	10,334,438	17,000,816	18,442,840	19,195,836	19,910,694	22,470,294	27,251,443	28,589,825
Licenses and permits	2,164,753	2,020,230	2,834,449	2,860,486	3,020,868	3,468,511	3,843,038	4,193,378	4,182,232	4,254,783
Intergovernmental	28,810,219	32,505,519	27,463,858	27,205,717	25,380,908	28,676,795	33,520,861	40,157,921	79,949,940	72,421,769
Fees and charges for services	20,229,634	21,050,766	21,193,893	20,967,315	27,564,951	30,913,729	24,349,889	29,879,326	28,693,598	40,149,340
Use of money and property	4,034,589	3,405,008	4,734,930	2,639,133	6,166,810	9,724,871	12,006,098	2,306,145	(7,101,511)	7,298,241
Fines and forfeitures	619,942	630,175	569,383	626,710	634,993	756,901	583,471	765,724	664,744	681,815
Miscellaneous	2,269,465	1,623,569	2,273,288	769,126	1,040,861	999,027	1,090,864	1,872,604	1,248,875	10,822,816
Total revenues	132,808,698	140,505,531	143,972,710	141,742,319	155,245,901	170,945,474	175,587,796	191,210,472	242,862,609	274,373,276
Expenditures										
General government	12,019,962	13,146,749	16,275,216	16,860,169	15,663,530	15,912,863	18,917,838	19,799,613	32,927,152	22,235,810
Public safety	53,492,051	55,248,006	55,140,221	56,601,719	61,747,652	61,141,018	64,599,689	64,345,030	67,264,088	74,925,997
Community and economic development	7,923,409	9,883,788	9,116,820	8,759,075	15,367,566	13,531,870	14,336,632	16,522,665	18,006,440	15,718,315
Community and cultural	19,232,689	18,797,257	19,031,065	19,163,687	20,702,253	21,241,618	22,215,275	23,131,291	25,003,971	26,110,860
Public works	18,273,006	18,130,438	19,293,627	18,434,525	19,311,593	20,516,249	21,395,223	20,209,010	22,753,740	24,203,895
Capital outlay	27,212,890	28,898,279	19,586,004	11,038,070	13,234,873	12,203,689	18,680,033	20,407,331	19,082,597	82,700,583
Debt service										
Principal retirement	13,884,500	2,556,230	3,092,176	2,613,000	1,920,000	2,005,000	2,117,000	2,757,000	3,061,950	3,844,680
Interest and fiscal charges	3,284,958	3,388,158	2,950,685	2,500,775	2,399,001	2,304,456	2,205,181	1,501,066	1,617,657	1,587,143
Bond issuance costs	895,960	360,956	-	-	-	-	-	381,094	-	-
Total expenditures	156,219,425	150,409,861	144,485,814	135,971,020	150,346,468	148,856,763	164,466,871	169,054,100	189,717,595	251,327,283
Excess (Deficiency) of revenues over (under) expenditures	(23,410,727)	(9,904,330)	(513,104)	5,771,299	4,899,433	22,088,711	11,120,925	22,156,372	53,145,014	23,045,993
Other Financing Sources (Uses)										
Transfers in (note 7)	30,993,218	44,585,720	9,218,855	11,834,731	21,981,064	19,333,554	19,029,915	32,697,172	39,319,526	49,392,796
Transfers out (note 7)	(30,111,368)	(44,677,294)	(8,588,009)	(9,397,470)	(20,397,921)	(18,964,541)	(22,462,686)	(35,957,806)	(51,741,289)	(71,954,569)
Transfers from Successor Agency	9,729,528	1,489,134	1,620,000	150,000	150,000	150,000	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	-	-	-	-	-	-	-	-	-
Proceeds from leases	-	-	-	-	-	-	-	-	2,659,170	-
Proceeds from SBITA	-	-	-	-	-	-	-	-	-	1,802,782
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(20,382,555)	-	-
Other debts issued	20,000,000	-	-	-	-	-	-	-	-	-
Defeased bonds	-	(25,940,000)	-	-	-	-	-	-	-	-
Refunding bonds issued	10,454,230	24,108,085	-	-	-	-	-	20,970,000	-	-
Total other financing sources (uses)	41,970,774	(434,355)	1,952,333	2,587,261	1,733,143	1,993,239	(3,282,771)	(2,523,189)	(9,612,593)	(20,608,991)
Net change in fund balances	\$ 18,560,047	\$ (10,338,685)	\$ 1,439,229	\$ 8,358,560	\$ 6,632,576	\$ 24,081,950	\$ 7,838,154	\$ 19,633,183	\$ 43,532,421	\$ 2,437,003
Debt service as a percentage of noncapital expenditures	13.06%	5.38%	5.21%	4.35%	3.14%	3.01%	2.98%	2.85%	2.80%	2.16%

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
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	-	79,797,309
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⁾	87,370,097
2021	18,473,330	22,738,372	16,361,233	25,723,709	3,638,959	7,176,916	2,664,404	739,434	1,229,029	98,745,387
2022	19,290,569	23,835,902	17,708,256	40,570,137	4,731,985	7,706,517	2,668,645	1,314,039	3,396,941	121,222,991
2023	21,268,854	25,938,708	19,501,114	36,161,809	4,787,129	9,045,784	2,959,202	954,975	3,183,652	123,801,227
Change 2014 to 2023	99%	87%	25%	128%	383%	63%	87%	114%	n/a	91%

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

<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>
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
2021	16,361,233	18,473,330	22,738,372	25,723,709	-	9,107,808
2022	17,708,256	19,290,569	23,835,902	40,570,137	-	10,030,061
2023	19,501,114	21,268,854	25,938,708	36,161,809	-	9,587,512

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	Secured Value	Unsecured Value	Total Assessed and Estimated Full Value	Less: Exemptions	Taxable Assessed Value	Direct Tax Rate
2014	\$ 11,042,637	\$ 352,337	\$ 11,394,974	\$ (264,161)	\$ 11,130,813	0.00185
2015	12,102,252	366,400	12,468,652	(262,713)	12,205,939	0.00179
2016	12,991,881	486,350	13,478,231	(256,756)	13,221,475	0.00173
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	(525,363)	18,212,254	0.00155
2022	18,891,344	732,720	19,624,064	(416,160)	19,207,904	0.00152
2023	20,519,932	795,211	21,315,143	(433,258)	20,881,885	0.00153

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.

Source: City of Moreno Valley Financial and Management Services Department
 Hdl Coren & Cone

City of Moreno Valley
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(per \$100 of assessed value)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Direct Rate:	\$0.00185	\$0.00179	\$0.00173	\$0.00172	\$0.00169	\$0.00166	\$0.00162	\$0.00155	\$0.00152	\$0.00153
Redevelopment Agency Direct Rate:	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
Total Direct Tax Rate:	0.00185	0.00179	0.00173	0.00172	0.00169	0.00166	0.00162	0.00155	0.00152	0.00153
Eastern Municipal Water Imp Dist	0.03000	0.01100	0.01100	0.01100	0.01000	0.01000	0.01000	0.01000	0.01000	0.00600
Metropolitan Water Dist Original Area	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350
Moreno Valley Unified School District	0.04354	0.04071	0.10223	0.1032	0.09333	0.09864	0.09980	0.09714	0.09817	0.09817
Mt. San Jacinto Jr College	0.00000	0.00000	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320
Riverside City Community College District	0.01768	0.01791	0.01725	0.01649	0.01616	0.01478	0.01476	0.01470	0.01470	0.01470
San Jacinto Unified School District	0.12746	0.11866	0.11727	0.11656	0.15078	0.15291	0.15292	0.15291	0.15291	0.14988
Val Verde Unified District	0.07235	0.07882	0.07135	0.07210	0.06368	0.06966	0.06368	0.11200	0.11200	0.11200
Total Tax Rate	<u>\$0.29638</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>	<u>\$0.40500</u>	<u>\$0.40600</u>	<u>\$0.39898</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 Water District bonds and the Riverside Community College bonds.

Source: City of Moreno Valley Finance Department
Hdl Coren & Cone

City of Moreno Valley
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Skechers USA, Inc.	\$ 327,192,762	1	1.57%	\$ -	-	-
Duke Realty LP	269,650,486	2	1.29%			
First Industrial LP	268,267,502	3	1.28%	61,643,457	7	0.55%
TGA Centerpointe LLC	267,104,459	4	1.28%			
Prologis Targeted US Logistics Fund LP	198,349,302	5	0.95%			
Prologis	160,579,127	6	0.77%			
Ross Dress For Less, Inc.	150,736,696	7	0.72%	134,148,489	2	1.21%
Amazon Com Services LLC	147,298,314	8	0.71%			
FR Cal Moreno Valley LLC	131,853,947	9	0.63%	49,509,039	8	0.44%
Walgreens Company	125,968,859	10	0.60%	117,221,041	3	1.05%
HF Logistics SKX T1	-			202,007,054	1	1.81%
Stonegate 552	-		-	82,614,238	4	0.74%
IIT Inland Empire Logistics Center	-		-	76,952,001	5	0.69%
Kaiser Foundation Hospitals	-		-	65,975,333	6	0.59%
CLPF 16850 Heacock Street	-		-	47,765,266	9	0.43%
2250 Town Circle Holdings	-		-	47,165,814	10	0.42%
	<u>\$ 2,047,001,454</u>		<u>9.80%</u>	<u>\$ 885,001,732</u>		<u>7.93%</u>

Source: Hdl Coren & Cone

City of Moreno Valley
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections in Subsequent years	Total Collections to Date	
		Amount	Percent of Levy ⁽¹⁾		Amount	Percent of Levy
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%
2021 ⁽²⁾	33,423,930	32,965,479	98.63%	458,450	33,423,930	100.00%
2022	35,239,398	34,720,200	98.53%	519,198	35,239,398	100.00%
2023	37,433,664	37,433,664	100.00%	-	37,433,664	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) Starting in fiscal year 2021, with the implementation of GASB 84, Custodial Funds receiving tax levies (Special Tax) are accounted for as liabilities, therefore, excluded from the Property Tax Levies and Collections calculation.

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 2022/23 Assessed Valuation

\$ 20,904,263,775

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2023	% Applicable (1)	City's Share of Debt 6/30/2023
Metropolitan Water District	\$ 19,215,000	0.575%	\$ 110,486
Riverside County Flood Control and Water Reclamation District, Zone No.4	5,380,000	29.189%	1,570,368
Eastern Municipal Water District I.D. No U-22	1,220,000	99.047%	1,208,373
Riverside Community College District	291,274,397	15.015%	43,734,851
Mount San Jacinto Community College District	247,850,000	0.021%	52,049
Moreno Valley Unified School District	290,606,643	80.485%	233,894,757
San Jacinto Unified School District	75,310,000	0.589%	443,576
Val Verde Unified School District	321,056,948	32.089%	103,023,964
Moreno Valley Unified School District Community Facilities District No. 2002-1	4,810,000	100%	4,810,000
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	8,425,000	100%	8,425,000
Moreno Valley Unified School District Community Facilities District No. 2004-1	1,995,000	100%	1,995,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	4,115,000	100%	4,115,000
Moreno Valley Unified School District Community Facilities District No. 2004-3	2,790,000	100%	2,790,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	3,540,000	100%	3,540,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	3,345,000	100%	3,345,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	20,965,000	100%	20,965,000
Moreno Valley Unified School District Community Facilities District No. 2005-1	6,220,000	100%	6,220,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3, 4 & 5	21,425,000	100%	21,425,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	4,690,000	100%	4,690,000
Moreno Valley Unified School District Community Facilities District No. 2015-2	6,190,000	100%	6,190,000
Moreno Valley Unified School District Community Facilities District No. 2015-3	3,990,000	100%	3,990,000
Moreno Valley Unified School District Community Facilities District No. 2016-1	5,130,000	100%	5,130,000
Moreno Valley Unified School District Community Facilities District No. 2017-1	3,565,000	100%	3,565,000
Moreno Valley Unified School District Community Facilities District No. 2018-1	9,945,000	100%	9,945,000
Moreno Valley Unified School District Community Facilities District No. 2019-1	5,325,000	100%	5,325,000
Moreno Valley Unified School District Community Facilities District No. 2019-2	4,955,000	100%	4,955,000
Moreno Valley Unified School District Community Facilities District No. 2020-1	3,985,000	100%	3,985,000
Val Verde Unified School District Community Facilities District No. 98-1	10,380,000	100%	10,380,000
Val Verde Unified School District Community Facilities District No. 2003-2	2,175,000	100%	2,175,000
Val Verde Unified School District Community Facilities District No. 2014-1	6,700,000	100%	6,700,000
Val Verde Unified School District Community Facilities District No. 2018-1	12,450,000	100%	12,450,000
Eastern Municipal Water District Community Facilities Districts	14,601,000	100%	14,601,000
City of Moreno Valley Community Facilities District No. 5	4,530,000	100%	4,530,000
City of Moreno Valley Community Facilities District No. 7, 1.A. No. 1	2,880,000	100%	2,880,000
City of Moreno Valley Community Facilities District No. 87-1, I.A. No. 1	345,000	100%	345,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 563,504,424

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Riverside County General Fund Obligations	\$ 686,776,829	5.773%	\$ 39,647,626
Riverside County Pension Obligations	748,540,000	5.773%	43,213,214
Riverside City Community College District Certificates of Participation	24,550,000	15.015%	3,686,183
Moreno Valley Unified School District Certificates of Participation	4,895,000	80.485%	3,939,741
San Jacinto Unified School District Certificates of Participation	39,175,000	0.589%	230,741
Val Verde Unified School District Certificates of Participation	47,860,000	32.089%	15,357,795
Western Municipal Water District Certificates of Participation	4,075,058	0.142%	5,787
City of Moreno Valley General Fund Obligations	75,330,773	100%	75,330,773
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 181,411,860

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$ 65,670,000 24.496 - 100% \$ 44,812,020

TOTAL DIRECT DEBT 75,330,773

TOTAL OVERLAPPING DEBT 714,397,531

COMBINED TOTAL DEBT 789,728,304 (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 finance lease obligations.

Ratios to FY 2022-23 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.70%
Total Direct Debt (\$75,330,773)	0.36%
Combined Total Debt	3.78%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$4,827,773,264):

Total Overlapping Tax Increment Debt	0.93%
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Source: MuniServices, LLC

City of Moreno Valley
 Legal Debt Margin
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2023:
 Assessed Value \$ 20,881,885
 Debt Limit (15% of assessed value) 3,132,283

Debt applicable to limit: -

Total net debt applicable to limit \$ -

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assessed Valuation (in thousands)	\$ 12,199,659	\$ 12,064,572	\$13,082,108	\$ 13,909,814	\$ 14,693,509	\$15,633,325	\$17,135,121	\$ 18,340,853	\$ 19,207,905	\$ 20,881,886
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	3,049,915	3,016,143	3,270,527	3,477,454	3,673,377	3,908,331	4,283,780	4,585,213	4,801,976	5,220,472
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit (in thousands)	457,487	452,421	490,579	521,618	551,007	586,250	642,567	687,782	720,296	783,071
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin (in thousands)	457,487	452,421	490,579	521,618	551,007	586,250	642,567	687,782	720,296	783,071
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	Notes and Other	Lease Payables	SBITA Payables	Total Governmental Activities	Lease Revenue Bonds	Notes and Other	Total Business- type Activities			
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 ⁽²⁾	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
2021	19,830,000	26,682,981	649,000	-	-	47,161,981	48,075,413	7,120,146	55,195,559	102,357,540	2.28%	489
2022	18,870,000	25,116,334	331,000	2,252,220	-	46,569,554	47,744,600	6,898,177	54,642,777	101,212,331	1.91%	483
2023	17,905,000	23,473,688	-	1,852,301	1,003,657	44,234,646	46,118,201	6,425,772	52,543,973	96,778,619	1.62%	465

1) These ratios are calculated using personal income and population for the prior year.

2) 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.

3) The City has adopted GASB 87 and GASB 96, resulting in the presentation of Lease Payables and SBITA Payables, effective as of June 30, 2022, and June 30, 2023, respectively.

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

<u>Fiscal Year Ended June 30,</u> ⁽¹⁾	<u>Certificates of Participation</u>	<u>Lease Revenue Bonds</u>	<u>Direct Placement</u>	<u>Total Governmental Activities</u>	<u>Percent of Assessed Value</u>	<u>Per Capita</u>
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
2021	19,830,000	26,682,981	649,000	47,161,981	0.26%	225
2022	18,870,000	25,116,334	331,000	44,317,334	0.23%	212
2023	17,905,000	23,473,688	-	41,378,688	0.20%	199

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.

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	(Fund 4108) Debt Service		Coverage	Property Tax Increment	(Fund 4106) Debt Service		Coverage
			Principal	Interest			Principal	Interest			Principal	Interest	
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	-	-	-	-	-	398,468	55,000	281,505	1.18	1,186,238	730,000	283,181	1.17
2016	-	-	-	-	-	405,862	65,000	278,893	1.18	1,190,000	760,000	253,381	1.17
2017	-	-	-	-	-	368,314	75,000	275,775	1.05	1,175,245	790,000	218,431	1.17
2018	-	-	-	-	-	419,663	85,000	272,175	1.17	1,173,745	830,000	177,931	1.16
2019	-	-	-	-	-	429,694	95,000	268,125	1.18	1,171,595	870,000	136,106	1.16
2020	-	-	-	-	-	415,790	110,000	263,458	1.11	737,598	910,000	96,831	0.73
2021	-	-	-	-	-	-	-	-	- (1)	-	-	-	- (1)
2022	-	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-	-	-	-	-

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	
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
2021	-	-	-	-	- (1)	-	-	-	- (1)
2022	-	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-	-

Notes:
(1) Starting in fiscal year 2021, with the implementation of GASB 84, Custodial Funds receiving tax levies (Special Tax) are accounted for as liabilities, therefore, excluded from the Pledged Revenue Coverage calculation.

Data Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
 Demographic and Economic Statistics
 Last Ten Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
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%
2021	209,426	4,490,722	21,443	8.8%
2022	209,407	5,301,976	25,319	4.1%
2023	208,289	5,969,563	28,660	5.4%

Data Source:
 California Department of Finance
www.dof.ca.gov/research/demographic

Employment Development Department
<http://www.edd.ca.gov/>

City of Moreno Valley
Principal Employers
Current Year and Nine Years Ago

Employer	Sector	Business Type	2023		2014	
			Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	6,500	6.57%	8,600	26.12%
Amazon Fulfillment Center	Fulfillment	Retail Distribution	4,854	4.91%		
Riverside County Regional Medical Center	Medical Facilities	County Hospital	4,325	4.37%	2,987	9.07%
Moreno Valley Unified School District	Public Sector	Public Schools	3,673	3.71%	3,442	10.45%
Kaiser Permanente	Medical Facilities	Hospital/Medical Services	1,467	1.48%	944	2.87%
Ross Distribution Center	Distribution	Retail Distribution	1,366	1.38%	1,921	5.83%
Harbor Freight Tools	Retail	Retail Distribution	1,150	1.16%		
Procter & Gamble	Distribution	Retail Distribution	632	0.64%		
Val Verde Unified School District	Public Sector	Public Schools	620	0.63%	674	2.05%
United Natural Foods (UNFI)	Distribution	Distribution - Grocery	559	0.57%		
Moreno Valley Mall	Retail	Retail Mall			1,390	4.22%
City of Moreno Valley	Public Sector	Municipal Government			684	2.08%
Walgreens Distribution Center	Distribution	Retail Distribution			600	1.82%
iHerb, Inc.	Distribution	Retail Distribution			750	2.28%

"Total Employment" as used above represents the total employment of all employers located within City limits.

Source: MuniServices, LLC/Avenu Insights & Analytics

City of Moreno Valley
 Full-time and Part-time City Employees by Function
 Last Ten Fiscal Years

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government	93	94	91	101	104	112	104	95	101	105
Public Works	121	119	118	121	121	121	124	127	145	146
Community Development	49	51	60	51	60	52	52	52	50	55
Parks and Community Services	113	127	138	147	149	142	124	130	130	133
Animal Services	22	22	22	26	22	22	24	22	21	24
Public Safety ⁽¹⁾	286	287	284	291	289	289	285	275	290	307
	<u>684</u>	<u>700</u>	<u>713</u>	<u>737</u>	<u>745</u>	<u>738</u>	<u>713</u>	<u>701</u>	<u>737</u>	<u>770</u>

This data represents a count of people employed by the City not the number of approved full time equivalents.

(1) The City contracts with the County of Riverside for Police and Fire services. The number includes the County and City employees.

Source: City of Moreno Valley Financial and Management Services Department

City of Moreno Valley
 Capital Asset Statistics
 Last Ten Fiscal Years

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lane miles of streets	1,080	1,080	1,080	1,080	1,090	1,122	1,122	1,122	1,125	1,125
Number of street lights	11,449	11,512	11,620	11,694	12,011	12,083	12,240	12,252	12,305	12,444
Number of traffic signals	182	186	188	191	190	190	191	192	197	198
Fire protection:										
Number of stations	7	7	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	6	2	3	2	2	4	3	4	3	2
Recreation and culture:										
Parks	37	38	38	38	38	38	38	34	35	33
Maintained acreage of parks	520	533	533	540	540	547	545	593	596	551
Parks under construction	1	-	-	-	-	-	2	2	1	-
Acreage of parks under construction	12.75	-	-	-	-	-	7.1	9.94	2.85	-
Multi-use athletic fields	21	24	24	24	24	24	24	24	24	25
Conference/Recreation centers	1	1	1	1	1	1	1	1	1	1
Square footage of recreation centers	42,413	42,413	42,800	42,800	42,800	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 miles maintained	10	10	11	11	11	11.68	11.68	11.68	12.30	14.46
Bikeway trails miles maintained	n/a	n/a	n/a	n/a	n/a	3.32	3.32	3.32	5.75	3.61
Community centers	4	4	4	4	4	4	4	4	4	5
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	25
Skate parks	1	1	1	1	1	2	2	2	2	2
Square footage of skate parks	18,500	18,500	18,500	18,500	18,500	23,500	23,500	23,500	23,500	23,500
Soccer Arena	1	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	27	27	28	28	28	28	28	29	31
Water play features	2	2	2	2	2	2	2	2	2	2
Library	1	1	1	1	2	2	3	3	3	3
Utilities:										
Residential utility meters	5,202	5,260	5,365	5,494	5,725	5,953	6,099	6,349	6,679	6,825
Commercial utility meters	639	652	663	673	694	715	725	767	780	898

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	69	69	69	69	75	75	67	61	83	93
Volunteers	25	18	16	14	11	7	14	10	27	31
Non-sworn personnel	11	13	12	11	10	12	11	11	4	4
OEM non-sworn personnel	3	2	3	3	3	3	3	3	3	3
Responses to emergency calls	16,340	17,727	19,006	21,268	19,807	19,753	20,354	21,326	22,536	29,709
Inspections and Permits	3,251	3,445	6,382	4,741	3,737	3,279	3,298	4,848	9,074	11,258
Apartment Complex Inspections	1476	1,777	1,943	771	1,160	757	704	560	629	665
Plan checks	1,646	1,788	1,317	861	1,202	1,747	1,385	1,802	2,033	3,275
Counter/Public inquiries	2,966	2,683	2,604	2,162	2,472	2,605	1,790	62	819	691
Police protection:										
Provided through contract with the County of Riverside Sheriff's Department:										
Sworn officers	153	151	150	150	150	150	150	150	146	151
Classified personnel	48.5	50	50	50	45.5	45	48.5	47.5	49.5	51.5
City support personnel	2	2	0	0	1	1	1	1	1	1
Volunteers	69	84	72	88	149	62	53	12	19	16
Responses to Calls:										
Priority 1	402	420	461	446	521	473	488	568	567	675
Priority 1A	1,500	1,463	1,480	1,398	1,553	1,477	1,587	1,450	1,589	1,538
Priority 2	28,048	28,696	30,294	31,097	31,450	30,544	30,798	28,619	28,768	27,168
Priority 3	28,521	30,499	35,317	33,816	31,841	28,206	26,924	27,325	25,867	25,790
Priority 4	16,662	16,749	17,944	17,841	16,708	15,787	15,681	15,999	13,743	13,497
Priority 5	63	62	54	18	11	9	8	19	12	2
Priority 6	0	0	0	0	0	0	0	0	0	0
Priority 7	0	1	0	0	0	0	0	0	0	0
Priority 8	0	0	0	0	0	0	3	0	0	1
Priority 9	436	312	295	331	292	296	279	267	261	345
Cancelled	26,172	29,095	26,061	22,903	19,210	18,710	23,592	19,593	21,081	14,252
Disp/Arr Time Missing	8,191	9,384	8,807	7,592	7,077	7,493	7,732	6,702	7,212	7,168
Same Disp/Arr Time	40,425	45,041	47,794	67,829	66,269	45,609	42,647	34,174	36,429	38,621
Tactical Response Unit Calls	76	42	27	39	34	1	1	2	0	339
Building and Safety:										
Building permits issued	2,066	2,329	2,411	2,823	4,369	4,499	4,149	4,723	5,782	6,551
Counter requests for service	7,049	7,597	8,066	7,895	9,615	9,572	7,532	430	4,482	5,545
Planning:										
Planning applications processed	752	667	672	494	674	757	745	992	1,713	1,302
Planning public counter customers	3,718	3,527	3,366	3,598	4,018	5,313	4,275	286	2,802	2,731
Recreation and culture:										
Rounds of golf played	9,002	7,948	8,237	6,500	7,652	2,635	7,144	12,737	6,770	8,880
Community center rentals	1,058	1,087	1,235	1,300	1,026	1,432	453	36	801	943
Participants in recreation programs	47,405	43,361	44,000	46,000	48,000	69,430	64,559	15,464	45,425	55,588
Utilities:										
Average residential daily consumption (kilowatt hours)	19.1	20.1	19.7	19.7	20.2	19.63	19.36	22.27	20.45	16.49
Average commercial daily consumption (kilowatt hours)	395.3	573.0	622.24	646.2	630.8	571.48	576.28	585.58	592.18	596.10
New residential connections	111	58	105	129	231	228	146	250	330	146
New commercial connections	32	13	11	10	21	21	10	42	13	118
Employees:										
Members of City Council	5	5	5	5	5	5	5	5	5	5
Members of the Planning Commission	7	7	9	8	7	7	7	7	6	4
Full-time career status (FTE)	299	261	264	262	263	272	281	275	266	306
Part-time career status (FTE)	11	14	15	12	13	14	15	12	3	5
Animal Shelter visitors (prior year information not available)	n/a	n/a	n/a	n/a	n/a	31,788	23,150	3,799	18,796	19,760

Sources: City of Moreno Valley Technology Services, Fire Department, Police Department, Community Development, Parks & Community Services, Public Works, Utilities, Human Resources.



City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

14177 Frederick Street
Moreno Valley, CA 92552-0805
Tel. 951.413.3021

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Date of Delivery]

Moreno Valley Public Financing Authority
Moreno Valley, California

Re: *\$21,960,000 Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds,
Series 2024A*

Ladies and Gentlemen:

We have acted as bond counsel to the Moreno Valley Public Financing Authority (the “Authority”) in connection with the issuance by the Authority of \$21,960,000 Moreno Valley Public Financing Authority Lease Revenue Refunding Bonds, Series 2024A (the “Bonds”), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the “Bond Law”), and pursuant to an Indenture, dated as of August 1, 2024 (the “Indenture”), by and among the Authority, the City of Moreno Valley (the “City”) and Wilmington Trust, National Association, as Trustee. The Bonds will be principally secured by lease payments to be made by the City pursuant to a Lease Agreement, dated as of August 1, 2024 (the “Lease”), by and between the Authority and the City. We have examined the law and such certified proceedings and other documents, agreements, opinions and matters as we deem necessary to render this opinion. This opinion is based on current statutory and constitutional law and published court decisions as of the date hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease and the Ground Lease. We call attention to the fact that the rights and obligations under the Bonds, the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Bonds.

2. The Indenture and the Lease have each been duly authorized, executed and delivered by the Authority and the Indenture and the Lease constitute the valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid pledge of the Base Rental Payments and other moneys pledged under the Indenture, subject to the provisions of the Indenture.

3. The Indenture and the Lease have each been duly authorized, executed and delivered by the City and the Indenture and the Lease constitute the valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

4. The Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

5. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest (and original issue discount) on the Bonds is exempt from personal income taxes imposed in the State of California.

7. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bond Owner will increase the Bond Owner's basis in the applicable Bond. Original issue discount that accrues to the Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph 5 above) and is exempt from State of California personal income tax.

8. The amount by which a Bond 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 must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner.

The opinions expressed in paragraphs (5) and (7) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds are subject to the condition that the Authority and the City comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might

cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority and the City have covenanted to comply with all such requirements. Except as set forth in paragraphs (5), (6), (7) and (8) above, we express no opinion as to any tax consequences related to the Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Lease and Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture, the Lease and Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon an analysis 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 foregoing opinions 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 such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Lease or the Ground Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture or the Lease, or the accuracy or sufficiency of the description of any such property contained therein. We expressly disclaim any duty to advise the Owners of the Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the 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 Lease or of the accuracy or sufficiency of the description of such property contained therein, and we express no opinion with respect to such matters.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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 \$21,960,000 Lease Revenue Refunding Bonds, Series 2024A (the “Bonds”). The Bonds are being issued pursuant to an Indenture, dated as of August 1, 2024 (the “Indenture”), by and among the Authority, the City and Wilmington Trust, 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 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 Indenture, 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.

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.²

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.

Insurer. The term “Insurer” means Assured Guaranty Municipal Corp.

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 July 16, 2024 relating to the Bonds.

² 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.

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, 2025 with the Fiscal Year ended June 30, 2024) 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 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 Indenture, 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 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: August 6, 2024

CITY OF MORENO VALLEY

By: _____
Its: City Manager

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no 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 2024A Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2024A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2024A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2024A Bonds (the "Securities"). The Securities 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 Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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 highest rating: "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.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities 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 Paying Agent, 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 Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest 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 Paying Agent, 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.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. 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, Security certificates will be printed and delivered to DTC.

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