NEW ISSUE – BOOK-ENTRY ONLY

INSURED RATING: S&P: "AA"
UNDERLYING RATING: S&P: "A-"
See the caption "RATINGS"

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 2026A 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 2026A Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the 2026A Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$135,955,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A

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

The Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A are being issued by the Authority pursuant to an Indenture of Trust, dated as of June 1, 2026, by and between the Authority and Wilmington Trust, National Association, as trustee, and will be payable from the sources described herein. The 2026A Bonds are being issued to provide funds to: (i) finance the design, acquisition and construction of certain capital improvements to the Electric System of the City of Moreno Valley, a member of the Authority; (ii) refund certain outstanding bonds of the Authority and prepay the City's obligations under an equipment lease; (iii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on certain maturities of the 2026A Bonds when due, (iv) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the 2026A Bonds; and (v) pay the costs of issuing the 2026A Bonds, all as more fully described herein.

Interest due on the 2026A Bonds is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026, until the maturity thereof. The 2026A Bonds are being issued in fully registered book-entry form and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the 2026A Bonds. Individual purchases will be in principal amounts of $5,000 and integral multiples thereof. Payments of principal of and interest on the 2026A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 2026A Bonds.

The 2026A Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity as described in this Official Statement.

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2026A Installment Payments received by the Authority from the City pursuant to an Installment Purchase Agreement, dated as of June 1, 2026, by and between the City and the Authority. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Net Electric System Revenues of the City's Electric System. The City has covenanted not to incur additional obligations payable from Net Electric System Revenues senior to the Series 2026A Installment Payments. The City may incur additional obligations payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement.

The scheduled payment of the principal of and interest on the 2026A Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the 2026A Bonds by Assured Guaranty Inc.

ASSURED GUARANTY®

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2026A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.

THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2026A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET ELECTRIC SYSTEM REVENUES OF THE CITY AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains certain information for quick reference only. It is not a complete summary of the 2026A Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover of this Official Statement shall have the meanings ascribed thereto herein.

MATURITY SCHEDULE – See Inside Cover Page

The 2026A 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, and for the Trustee by its counsel. It is anticipated that the 2026A Bonds will be available in book-entry form through the facilities of DTC in New York, New York on or about June 17, 2026.

STIFEL

Dated: May 20, 2026

MATURITY SCHEDULE

$135,955,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A

Maturity Date (May 1)	*Principal Amount*	*Interest Rate*	*Yield*	*Price*	*CUSIP*[†]
2027	$1,780,000	5.000%	2.750%	101.922	61685SAA0
2028	2,125,000	5.000	2.740	104.094	61685SAB8
2029	2,235,000	5.000	2.790	106.056	61685SAC6
2030	2,345,000	5.000	2.860	107.788	61685SAD4
2031	2,460,000	5.000	2.920	109.379	61685SAE2
2032	2,585,000	5.000	3.020	110.577	61685SAF9
2033	2,710,000	5.000	3.100	111.675	61685SAG7
2034	2,845,000	5.000	3.170	112.657	61685SAH5
2035	2,990,000	5.000	3.250	113.390	61685SAJ1
2036	3,140,000	5.000	3.340	113.858	61685SAK8
2037	3,300,000	5.000	3.440	112.960[C]	61685SAL6
2038	3,460,000	5.000	3.570	111.805[C]	61685SAM4
2039	3,635,000	5.000	3.690	110.752[C]	61685SAN2
2040	3,815,000	5.000	3.750	110.230[C]	61685SAP7
2041	4,010,000	5.000	3.800	109.797[C]	61685SAQ5
2042	4,205,000	5.250	3.870	111.229[C]	61685SAR3
2043	4,430,000	5.250	3.950	110.537[C]	61685SAS1
2044	4,660,000	5.250	4.060	109.595[C]	61685SAT9
2045	4,905,000	5.250	4.190	108.493[C]	61685SAU6
2046	5,165,000	5.250	4.290	107.655[C]	61685SAV4

$30,180,000 5.250% Term Bonds Due May 1, 2051, Yield 4.550%, Price 105.511[C] CUSIP 61685SAW2

$38,975,000 5.250% Term Bonds Due May 1, 2056, Yield 4.690%, Price 104.379[C] CUSIP 61685SAX0

[C] Priced to the optional redemption date of May 1, 2036, at par.

[†] *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© 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, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.*

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE 2026A BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE AUTHORITY, THE CITY OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THE 2026A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE 2026A BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the 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 Authority or the City since the date hereof.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Net Electric System Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the City for future operations of the Electric System; (c) statements of future economic performance of the Electric System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement regarding the City's financial position, business strategy, capital resources and plans and objectives for future operations of the Electric System, are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Statements of important factors (collectively, the "Cautionary Statements") that could cause actual results to differ materially from expectations of the City are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the Authority or the City or person acting on behalf of the Authority or the City are expressly qualified in their entirety by the Cautionary Statements.

This Official Statement is submitted in connection with the sale of the 2026A Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

The Underwriter may offer and sell the 2026A Bonds to certain dealers and dealer banks and banks acting as agents and others at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

THE 2026A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON AN EXEMPTION CONTAINED IN THE ACT. THE 2026A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Assured Guaranty Inc. ("**AG**" or the "**Insurer**") makes no representation regarding the 2026A Bonds or the advisability of investing in the 2026A 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 in Appendix F—"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.

CITY OF MORENO VALLEY

MAYOR AND MEMBERS OF THE CITY COUNCIL

Ulises Cabrera, Mayor
Erlan Gonzalez, Mayor Pro Tem, District 3
Elena Baca-Santa Cruz, Councilmember, District 1
Ed A. Delgado, Councilmember, District 2
Cheylynda Barnard, Councilmember, District 4

MORENO VALLEY PUBLIC FINANCING AUTHORITY

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

STAFF

Brian Mohan, City Manager/Authority Executive Director
Steve Quintanilla, City Attorney
M. Patricia Rodriguez, City Clerk/Authority Secretary
Launa Jimenez, Assistant City Manager (Administration)
Sean Kelleher, Assistant City Manager (Development)
Felicia London, Chief Financial Officer/City Treasurer
Melissa Walker, Director of Public Works/City Engineer
Jason Niccoli, Electric Utility Division Manager

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 Public Finance LLC
Denver, Colorado

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$135,955,000
MORENO VALLEY PUBLIC FINANCING AUTHORITY
ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A

INTRODUCTION

General

This Official Statement provides information concerning the issuance of the Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A (the "2026A Bonds") pursuant to an Indenture of Trust, dated as of June 1, 2026 (the "Indenture"), by and between the Moreno Valley Public Financing Authority (the "Authority") and Wilmington Trust, National Association, as trustee (the "Trustee"). See the caption "THE 2026A BONDS."

Purposes of the 2026A Bonds

The 2026A Bonds are being issued to provide funds to: (i) finance the design, acquisition and construction of certain capital improvements to the Electric System of the City of Moreno Valley (the "City"), a member of the Authority, as described under the caption "PLAN OF FINANCE —The Series 2026A Project;"(ii) refund certain outstanding bonds of the Authority and prepay the City's obligations under an equipment lease, as described under the caption "PLAN OF FINANCE—The Refunding Plan;" (iii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the 2026A Bonds when due, (iv) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the 2026A Bonds; and (v) pay the costs of issuing the 2026A Bonds, all as more fully described herein. See the caption "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE."

Authority for Issuance

The 2026A Bonds are being issued under the Indenture and the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the "State").

Sources of Payment for the 2026A Bonds

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the "Series 2026A Installment Payments") received from the City pursuant to an Installment Purchase Agreement, dated as of June 1, 2026 (the "Installment Purchase Agreement"), by and between the City and the Authority. See the caption "SECURITY FOR THE 2026A BONDS."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2026A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2026A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY IN CONTRAVENTION OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

Sources of Payment for the Series 2026A Installment Payments

Pursuant to the Installment Purchase Agreement, the City is obligated to pay the Series 2026A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from the Electric System Revenues and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the City or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City has agreed and covenanted that all Electric System Revenues (as such term is defined in the Installment Purchase Agreement), will be received by the City in trust thereunder and will be deposited when and as received in the Electric System Revenue Fund, which fund the City has agreed and covenanted to maintain so long as any Series 2026A Installment Payments remain unpaid.

All amounts on deposit in the Electric System Revenue Fund have been irrevocably pledged to the payment of the Series 2026A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Electric System Revenue Fund for the payment of the Series 2026A Installment Payments and all other parity Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The City will, from the moneys in the Electric System Revenue Fund, pay all Maintenance and Operation Costs of the Electric System (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs of the Electric System, the payment of which is not then immediately required. All remaining moneys in the Electric System Revenue Fund (the "Net Electric System Revenues") will be set aside by the City as set forth in the Installment Purchase Agreement to pay the Series 2026A Installment Payments and other parity Contracts and Bonds. See the caption "SECURITY FOR THE 2026A BONDS."

Reserve Fund

A Reserve Fund for the 2026A Bonds is established pursuant to the Indenture in an amount equal to the Reserve Requirement. The Reserve Requirement for the 2026A Bonds is $9,068,800. Assured Guaranty Inc. (the "Insurer") will issue, simultaneously with the issuance of the 2026A Bonds, a municipal bond debt service reserve insurance policy (the "Reserve Surety Policy") in the amount of $9,068,800 for deposit in the Reserve Fund to satisfy the Reserve Requirement. See the caption "SECURITY FOR THE 2026A BONDS—Reserve Fund."

Bond Insurance

Payment of principal of and interest on the 2026A Bonds will be insured by a municipal bond insurance policy (the "Policy") to be issued by the Insurer concurrently with the issuance of the 2026A Bonds. See the caption "BOND INSURANCE."

Additional Parity Obligations

The City has covenanted not to incur additional obligations payable from Net Electric System Revenues senior to the Series 2026A Installment Payments. The City may incur additional obligations on a parity with the Series 2026A Installment Payments, subject to the terms and conditions described under the caption

"SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations."

The City and the Electric System

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 has a current estimated population of approximately 215,000 and covers approximately 51.7 square miles. The City was incorporated on December 3, 1984, and is a general law city operating under a council/manager form of government. 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 are provided by the California Department of Forestry and Fire Protection. Water and sewer service is provided by Eastern Municipal Water District and Box Springs Mutual Water Company. Further information concerning the City is set forth under the caption "THE CITY OF MORENO VALLEY."

The City owns and operates a retail electric system which serves portions of the City. The City is not the sole provider of retail electric service within the City. For the Fiscal Year ended June 30, 2025, the Electric System had 9,192 metered customers while the Southern California Edison ("SCE"), an investor-owned utility, serves the remaining customers within the City. The Electric System's power supply requirements are met through long-term power purchase agreements and purchases through the California Independent System Operator ("CAISO") centralized markets. For the Fiscal Year ended June 30, 2025, the Electric System purchased a total of 225,586 megawatt hours ("MWh") of electricity for delivery to customers throughout the Electric System's service area. Further information concerning the Electric System is set forth under the caption "THE ELECTRIC SYSTEM."

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.

Professionals Involved in the Offering

Wilmington Trust, National Association, Costa Mesa, California, will act as Trustee with respect to the 2026A Bonds. The 2026A 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, 2025, included as Appendix A hereto have been audited by Rogers, Anderson, Malody & Scott, LLP (the "Auditor"). See APPENDIX A—" ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MORENO VALLEY" 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.

Other Information About this Official Statement

There follows in this Official Statement (and attached appendices) a brief description of the 2026A Bonds, the security for the 2026A Bonds, the City, the Authority and certain other information relevant to the issuance of the 2026A Bonds. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document.

All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indenture and the Installment Purchase Agreement, the summaries of which are included in Appendix B, unless otherwise stated in this Official Statement.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

PLAN OF FINANCE

2026A Project

A portion of the proceeds of the 2026A Bonds and certain other City funds will be applied to finance a portion of the design and construction of certain transmission and distribution facilities for the City's Electric System (the "2026A Project"). The 2026A Project consists of the following projects:

Project Title	Estimated Cost
Corporate Yard Battery Energy Storage System	$ 20,000,000
Industrial Building Rooftop Solar and Storage—Building 1	20,750,000
Energy Storage at City Hall Campus	15,262,500
Moreno Valley Substation Battery Storage	18,000,000
MVU Warehousing Facilities for Storing Electrical Equipment	12,000,000
Moreno Valley Substation Battery Storage	1,025,000
Utility Field Office	13,015,000
Total	$ 100,052,500

The City may substitute a component of the 2026A Project or add a component to the 2026A Project upon delivery of an opinion of Bond Counsel stating, in substance, that such substitution or addition, as applicable will not, in and of itself, adversely affect the exclusion of interest on the 2026A Bonds from federal income taxation and from state income taxation.

The Refunding Plan

A portion of the proceeds of the 2026A Bonds and certain other City funds will be applied to cause the refunding of the Authority's outstanding Lease Revenue Bonds, Series 2019 (Taxable) (the "2019 Bonds") and Lease Revenue Bonds, Series 2021 (Taxable) (the "2021 Bonds" and, together with the 2019 Bonds, the "Refunding Bonds") and to prepay the City's obligations under an Amended and Restated Equipment Lease/Purchase Agreement, dated as of August 10, 2021, between Banc of America Leasing & Capital, LLC (together with its successors, assigns and transferees), as lessor, and the City, as lessee (the "2021 Equipment Lease").

The Authority plans to apply a portion of the proceeds of the 2026A Bonds to prepay the City's obligations under the 2021 Equipment Lease on or about the date of issuance of the 2026A Bonds.

The Authority plans to apply a portion of the proceeds of the Series 2026A Bonds to refund all of the outstanding Refunded Bonds on or about July 17, 2026 (the "Redemption Date") at a redemption price equal to the principal amount of the outstanding Refunded Bonds, plus accrued interest thereon to the Redemption Date, without premium. Under separate escrow agreements (the "Escrow Agreements") by and among the Authority, the City and Computershare Trust Company, National Association, as escrow agent for the Refunded Bonds (the "Escrow Agent"), the Authority will deliver a portion of the proceeds of the Bonds to the Escrow Agent for deposit in separate escrow funds for the Refunded Bonds which amounts, together with interest earnings thereon, will be sufficient to refund the Refunded Bonds on the Redemption Date.

Sufficiency of the amounts applied for such purposes will be verified by Causey Public Finance LLC (the "Verification Agent"). Assuming the accuracy of such computations, as a result of the deposit and application of funds described above, the Refunded Bonds will be defeased pursuant to the provisions of the Master Trust Agreement, dated as of December 1, 2015, as amended, pursuant to which the Refunded Bonds were issued. Upon the issuance of the 2026A Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to it by the Underwriter relating to the adequacy of the moneys deposited in the escrow funds to pay the redemption price of the Refunded Bonds.

The amounts delivered to the Escrow Agent under the Escrow Agreements are pledged solely to the redemption of the Refunded Bonds. Neither such moneys nor any related interest will be available for the payments of principal of and interest on the 2026A Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The following is an estimate of the sources and uses of 2026A Bond proceeds.

Sources	
Principal Amount of 2026A Bonds	$ 135,955,000.00
Plus Original Issue Premium	10,033,409.90
TOTAL	$ 145,988,409.90
Uses	
Deposit to Acquisition Fund	$ 100,000,000.00
Deposit to Escrow Fund for Series 2019 Bonds	15,916,058.20
Deposit to Escrow Fund for Series 2021 Bonds	23,483,879.39
Prepayment of 2021 Equipment Lease	5,012,715.89
Underwriter's Discount	604,999.75
Deposit to Costs of Issuance Fund(1)	970,756.67
TOTAL	$ 145,988,409.90

(1) Includes fees for Trustee and Municipal Advisor, legal fees, premiums for the Policy and the Reserve Surety Policy, printing costs, rating agency fees and other costs of delivery.

THE 2026A BONDS

Terms of the 2026A Bonds

The 2026A Bonds will be issued in the aggregate principal amount of $135,955,000 and will be dated as of the date of issuance. Interest on the 2026A Bonds is payable by check or draft of the Trustee mailed by first class mail on May 1 and November 1 of each year, commencing November 1, 2026 (each an "Interest Payment Date"). Interest on the 2026A Bonds is payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration

Books (except that in the case of an Owner of $1,000,000 or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 2026A Bond will be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2026A Bonds will be payable in lawful money of the United States of America.

Interest on the 2026A Bonds will accrue at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the 2026A Bonds will be computed based on a year consisting of 360 days and twelve 30-day months. Individual purchases will be made in principal amounts of $5,000 and integral multiples thereof.

Principal of the 2026A Bonds is payable in lawful money of the United States of America at the Office of the Trustee in Costa Mesa, California.

Redemption of 2026A Bonds

Optional Redemption. The 2026A Bonds with stated maturities on or after May 1, 2037 are subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the sole convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of $5,000, on or after May 1, 2036, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption from Insurance or Eminent Domain Proceeds. The 2026A Bonds are subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity and within maturities as directed by the City in a written request to the Trustee at least 35 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of $5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the Indenture and the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The 2026A Bonds with stated maturities on May 1, 2051 are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 2047, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	***Principal Amount***
2047	$ 5,435,000
2048	5,720,000
2049	6,020,000
2050	6,335,000
2051*	6,670,000

* Final Maturity.

The 2026A Bonds with stated maturities on May 1, 2056 are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 2052, in integral multiples of $5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	***Principal Amount***
2052	$ 7,020,000
2053	7,385,000
2054	7,775,000
2055	8,185,000
2056*	8,610,000

* Final Maturity.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 20 days before any Redemption Date, to the respective Owners of any 2026A Bonds designated for redemption at their addresses appearing on the Registration Books and to the Securities Depositories and the Information Services; provided, however, that so long as the 2026A Bonds are registered in the name of the Nominee, notices of redemption shall be provided in such manner as complies with the requirements of DTC, and, provided further, that such notice may be cancelled by the Authority upon written request delivered to the Trustee not less than 5 days prior to such Redemption Date. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2026A Bonds of any such maturity are to be redeemed, the serial numbers of the 2026A Bonds of such maturity to be redeemed by giving the individual number of each 2026A Bond or by stating that all 2026A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2026A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said 2026A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2026A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such 2026A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2026A Bond. Notice of redemption of 2026A Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2026A 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 such 2026A Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such 2026A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Selection of 2026A Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2026A Bonds, the Trustee will select the 2026A Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of $5,000 in accordance with the Indenture. The Trustee will promptly notify the Authority in writing of the numbers of the 2026A Bonds or portions thereof so selected for redemption.

Partial Redemption of Bonds

Upon surrender of any 2026A Bond 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 2026A Bond or 2026A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026A Bonds surrendered and of the same series, interest rate, and maturity.

Effect of Redemption of Bonds

Notice of redemption having been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2026A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2026A Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2026A Bonds so called for redemption will cease to accrue, said 2026A Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2026A Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the 2026A Bonds to be redeemed on their Redemption Dates, pay such 2026A Bonds at the Redemption Price.

All 2026A Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

Book-Entry Only System

One fully-registered 2026A Bond for each maturity will be issued in the principal amount of such 2026A Bond. Such 2026A Bonds will be registered in the name of Cede & Co. and will be deposited with DTC.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2026A Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The City cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 2026A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D hereto for additional information concerning DTC.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2026A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2026A Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any 2026A Bond during the period in which the Trustee is selecting 2026A Bonds for redemption, and any 2026A Bond that has been selected for redemption.

Whenever any 2026A Bond or 2026A Bonds is surrendered for transfer, the Authority will execute, and the Trustee will authenticate and deliver a new 2026A Bond or 2026A Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the 2026A Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2026A Bonds, the Trustee will cancel and destroy the 2026A Bonds it has received.

The 2026A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any 2026A Bond during the period in which the Trustee is selecting 2026A Bonds for redemption, and any 2026A Bond that has been selected for redemption. The Trustee will require the 2026A Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2026A Bonds, the Trustee will cancel and destroy the 2026A Bonds it has received.

Debt Service Schedule

Set forth below is a table of the annual Series 2026A Installment Payments and principal of and interest on the 2026A Bonds.

CITY OF MORENO VALLEY
Debt Service Schedule[1]

June 30	*Principal*	*Interest*	*Total*
2027	$1,780,000	$6,130,894	$ 7,910,894
2028	2,125,000	6,940,050	9,065,050
2029	2,235,000	6,833,800	9,068,800
2030	2,345,000	6,722,050	9,067,050
2031	2,460,000	6,604,800	9,064,800
2032	2,585,000	6,481,800	9,066,800
2033	2,710,000	6,352,550	9,062,550
2034	2,845,000	6,217,050	9,062,050
2035	2,990,000	6,074,800	9,064,800
2036	3,140,000	5,925,300	9,065,300
2037	3,300,000	5,768,300	9,068,300
2038	3,460,000	5,603,300	9,063,300
2039	3,635,000	5,430,300	9,065,300
2040	3,815,000	5,248,550	9,063,550
2041	4,010,000	5,057,800	9,067,800
2042	4,205,000	4,857,300	9,062,300
2043	4,430,000	4,636,538	9,066,538
2044	4,660,000	4,403,963	9,063,963
2045	4,905,000	4,159,313	9,064,313
2046	5,165,000	3,901,800	9,066,800
2047	5,435,000	3,630,638	9,065,638
2048	5,720,000	3,345,300	9,065,300
2049	6,020,000	3,045,000	9,065,000
2050	6,335,000	2,728,950	9,063,950
2051	6,670,000	2,396,363	9,066,363
2052	7,020,000	2,046,188	9,066,188
2053	7,385,000	1,677,638	9,062,638
2054	7,775,000	1,289,925	9,064,925
2055	8,185,000	881,738	9,066,738
2056	8,610,000	452,025	9,062,025
TOTAL	$135,955,000	$134,844,019	$270,799,019

(1) Amounts rounded to the nearest dollar.

SECURITY FOR THE 2026A BONDS

General

Pursuant to the Indenture, the Authority, for good and valuable consideration, has unconditionally assigned and pledged to the Trustee without recourse all of its rights to receive the Authority Revenues and to enforce the Installment Purchase Agreement upon an event of default thereunder for the benefit of the Owners of the 2026A Bonds, for the purpose of securing: (a) the payment of the principal of and the interest and premium on the 2026A Bonds under the terms of the Indenture; and (b) all of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2026A Bonds, subject to the terms of the Indenture, and excepting therefrom any rights to indemnification or to receive notices thereunder.

The 2026A Bonds are limited obligations of the Authority. The 2026A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2026A Installment Payments received from the City pursuant to the Installment Purchase Agreement. See the caption "—Revenue Pledge Securing the Series 2026A Installment Payments."

The 2026A Bonds do not constitute a charge against the general credit of the Authority. The 2026A Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof, nor any member of the Authority, is pledged to the payment of the principal amount or redemption price of, or interest on, the 2026A Bonds. The Authority has no taxing power. The 2026A Bonds do not constitute a debt, liability, or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority in contravention of any State constitutional or statutory provision.

Revenue Pledge Securing the Series 2026A Installment Payments

Pursuant to the Installment Purchase Agreement, the City is obligated to pay the Series 2026A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. THE OBLIGATION OF THE CITY TO MAKE THE SERIES 2026A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE CITY PAYABLE SOLELY FROM NET ELECTRIC SYSTEM REVENUES OF THE CITY AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE CITY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City has agreed and covenanted that the Electric System Revenues shall be deposited when and as received in a special fund designated as the "Electric System Revenue Fund" which fund has been established and which fund the City has agreed and covenanted to maintain and to hold separate and apart from other funds so long as the Series 2026A Installment Payments remain unpaid.

All amounts on deposit in the Electric System Revenue Fund and the Rate Stabilization Fund have been irrevocably pledged to the payment of the Series 2026A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Electric System Revenue Fund and the Rate Stabilization Fund for the payment of the Series 2026A Installment Payments and all other parity Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The City will, from the moneys in the Electric System Revenue Fund, pay all Operation and Maintenance Costs of the Electric System (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs of the Electric System, the payment of which is not then immediately required) as such Electric System Operation and Maintenance Costs become due and payable. The Net Electric System Revenues will be set aside by the City as set forth in the Installment Purchase Agreement to pay the Series 2026A Installment Payments and parity Contracts and Bonds.

Electric System Revenues. Electric System Revenues are defined under the Installment Purchase Agreement to include all income, rents, rates, fees, charges and other moneys derived from or attributable the ownership or operation of the Electric System calculated in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing, all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the sale, furnishing and supplying of electric generation, transmission and distribution through the facilities of or in the conduct or operation of the business of the Electric System; plus all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City under any contract for the sale of power, energy, transmission or other services from the Electric System or any part thereof or any contractual arrangement with respect to the use of the Electric System or any part thereof or the services, output or capacity thereof; connection charges or similar charges related to the Electric System; plus payments received by the City in connection with any commodity swaps related to the Electric System, including Commodity Swaps; the earnings on and income derived from the investment of the amounts described above, and from investment of amounts in the Electric System Revenue Fund; plus the earnings on and income derived from investment of the City reserves allocated to the Electric System; plus all amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund during any Fiscal Year in accordance with the Installment Purchase Agreement. Electric System Revenues do not include in all cases any amounts transferred from the Electric System Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with the Installment Purchase Agreement, customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City and any proceeds of taxes restricted by law to be used by the City to pay obligations of the City other than Bonds or Contracts. In addition, Electric System Revenues do not include revenues with respect to any electric generation or transmission facilities of the City which are not a part of the Electric System as determined in accordance with the Installment Purchase Agreement. See the definition of Electric System set forth in Appendix B— "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" hereto for a description of the ability of the Board of the City to elect to include or exclude generation or transmission facilities in the Electric System.

Rate Covenant Securing the Series 2026A Installment Payments

To the fullest extent permitted by law, the City has covenanted in the Installment Purchase Agreement to fix and prescribe, at the commencement of each Fiscal Year, rates and charges for the Energy Service provided by the Electric System which are reasonably expected to be at least sufficient to yield during each Fiscal Year Net Electric System Revenues equal to one hundred twenty-five percent (125%) of Debt Service payable in such Fiscal Year.

The City may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Electric System from such reduced rates and charges will at all times be sufficient to meet the requirements described in the prior paragraph.

Failure to produce Net Electric System Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the City complies with the covenant described above. Such failure may, however, affect the ability of the City to issue Bonds or incur Contracts payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments.

For purposes of the covenant set forth above, any Policy Costs due and owing shall be treated as Debt Service.

Limitations on Parity and Superior Obligations; Subordinate Obligations

Additional Obligations Superior to Series 2026A Installment Payments. The City has covenanted in the Installment Purchase Agreement that it will not, so long as any Series 2026A Installment Payments are outstanding, issue or incur any obligations payable from the Revenues superior to the Series 2026A Installment Payments.

Additional Obligations on a Parity with Series 2026A Installment Payments. The City may at any time execute any Contract or issue any Bonds, as the case may be, in accordance with the Installment Purchase Agreement; provided:

(i) The Net Electric System Revenues for either the most recent audited Fiscal Year or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the City and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the City, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such audited Fiscal Year or such twelve month period, as applicable; and

(ii) At the option of the City:

(1) the Net Electric System Revenues for either the most recent audited Fiscal Year or any consecutive twelve calendar month period during the eighteen calendar month period preceding the date of the execution of such Contract or the date of adoption by the City Council of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such audited Fiscal Year or such twelve month period to increases or decreases in rates and charges for the Energy Service approved and in effect as of the date of calculation, as evidenced by a calculation prepared by the City, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service for such audited Fiscal Year or such twelve month period plus the Debt Service which would have been payable on any Contracts executed or Bonds issued since the end of such audited Fiscal Year or such twelve month period assuming such Contracts had been executed or Bonds had been issued at the beginning of such audited Fiscal Year or such twelve month period, plus the Debt Service which would have been payable had such Contract been executed or Bonds been issued at the beginning of such audited Fiscal Year or such twelve month period, as applicable; or

(2) the estimated Net Electric System Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Parity Project previously financed or being financed from the proceeds of Bond or Contracts, as evidenced by an Engineer's Report on file with the City, plus (after giving effect to the completion of all such uncompleted Parity Projects and the Net Electric System Revenues to be derived from such Parity Projects) an allowance for estimated Net Electric System Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Energy Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by an Engineer's Report on file with the City, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect, in either case, to the

execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Parity Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract that was first executed or the Bonds that were first issued for the purpose of acquiring and constructing any of such uncompleted Parity Projects.

Notwithstanding the foregoing, Bonds or Contracts may be issued or incurred to refund outstanding Bonds or Contracts if, after giving effect to the application of the proceeds thereof, total Debt Service will not be increased in any Fiscal Year in which Bonds or Contracts (outstanding on the date of issuance or incurrence of such refunding Bonds or Contracts, but excluding such refunding Bonds or Contracts) not being refunded are outstanding in an amount in excess of 10%.

For purposes of calculations set forth above with respect to the issuance of Bonds or the execution of Contracts, any Policy Costs due and owing shall be treated as Debt Service.

Subordinate Obligations. Nothing in the Installment Purchase Agreement prohibits the City from issuing bonds, notes, or other obligations payable from Net Electric System Revenues subordinate to Bonds or Contracts.

Reserve Fund

The Insurer will issue, simultaneously with the initial issuance of the 2026A Bonds, the Reserve Surety Policy in the amount of $9,068,800 (equal to the Reserve Requirement) for deposit in the Reserve Fund, effective as of the date of issuance of the 2026A Bonds. Under the terms of the Reserve Surety Policy, the Insurer will unconditionally and irrevocably guarantee to pay that portion of the scheduled payments of principal of and interest on the 2026A Bonds that becomes due for payment but shall be unpaid by reason of nonpayment by the Authority.

See Appendix B—"DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" under the caption "THE INDENTURE—REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST—Reserve Fund" for further information with respect to the Reserve Surety Policy.

Rate Stabilization Fund

There is established under the Installment Purchase Agreement a special fund designated as the "Rate Stabilization Fund" to be held and maintained by the City in trust thereunder, which fund the City has pledged to the payment of the Series 2026A Installment Payments under the Installment Purchase Agreement and has agreed and covenanted to maintain and to hold separate and apart from other funds so long as any Series 2026A Installment Payments remain unpaid. On the date of the issuance of the 2026A Bonds, no moneys will be on deposit in the Rate Stabilization Fund. Money transferred by the City from the Electric System Revenue Fund to the Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Installment Purchase Agreement.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Electric System Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the 2026A Bonds are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund pursuant to the Installment Purchase Agreement during or within 270 days after a Fiscal Year, may be taken into account as Electric System Revenues for purposes of the calculations described under the captions "—Rate Covenant" and "—Additional Indebtedness" in such Fiscal Year.

Under certain circumstances, moneys received in one Fiscal Year may be required or permitted by GAAP to be recorded as revenue in a subsequent Fiscal Year, regardless of whether such moneys have been deposited in the Rate Stabilization Fund. See APPENDIX A—"ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE CITY OF MORENO VALLEY."

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the 2026A Bonds, Assured Guaranty Inc. ("AG" or the "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the 2026A Bonds. The Policy guarantees the scheduled payment of principal of and interest on the 2026A Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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 Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), 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, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG'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 AG 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 AG in its sole discretion. In addition, the rating agencies may at any time change AG'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 AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG'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, 2025.

Capitalization of AG

At March 31, 2026:

- The policyholders' surplus of AG was approximately $3,158 million.

- The contingency reserve of AG was approximately $1,539 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of 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 AG 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, 2025 (filed by AGL with the SEC on February 27, 2026); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

All information relating to AG 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 2026A 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 Inc.: 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 AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the 2026A Bonds or the advisability of investing in the 2026A Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "BOND INSURANCE".

THE CITY OF MORENO VALLEY

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. As the second-largest city in the County, it has historically been one of the fastest-growing cities in California. From a population of approximately 49,000 at its incorporation on December 3, 1984, the City has grown to a current estimated population of approximately 215,000.

The City estimates that it is home to over 4,500 businesses, including several Fortune 500 and large US-based and international companies. Notable businesses include Amazon, Aldi, Hisense Electronics, Kaiser Permanente, Karma Automotive, Procter & Gamble, and Skechers USA, Inc.

Highways passing through the City include California State Highway 60 and Interstate 215, providing direct connections to Orange and Los Angeles Counties. Strategically located approximately 70 miles from the Port of Los Angeles and 100 miles from the Port of San Diego, the City is home to the World Logistics Center, an approximately 2,600-acre (over 4 square miles) area entitled for up to 40.6 million square feet of logistics facilities and associated infrastructure. Planned for completion by 2040, the World Logistics Center is estimated to create approximately 20,000 permanent jobs. Skechers USA, Inc. already operates its North American distribution center within the World Logistics Center, shipping hundreds of thousands of pairs of shoes daily.

The largest employer in the City is the March Air Reserve Base, which currently employs approximately 7,500 employees, representing approximately 7% of the total City employment. March Air Reserve Base is 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. The Base also supports the Air Mobility Command, Air Combat Command, and Pacific Air Forces, and is home to units from the Army Reserve, Navy Reserve, Marine Corps Reserve, and the California Air National Guard.

The City is a general law city operating under a council/manager form of government. 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 are provided by the California Department of Forestry and Fire Protection. Water and sewer service is provided by Eastern Municipal Water District and Box Springs Mutual Water Company.

The City had approximately 536 full and part-time employees as of June 30, 2025, of which approximately 23 were assigned to the Electric System. City employees (full-time) are represented by three labor associations: the Moreno Valley City Employees Association (the "MVCEA"), which represented approximately 186 employees as of June 30, 2025, the Moreno Valley Management Association (the "MVMA"), which represented approximately 42 employees as of June 30, 2025, and the Moreno Valley Confidential

Management Employee Association (the "MVCMEA") which represented approximately 19 employees as of June 30, 2025. Relations between the City and the MVCEA, MVMA and MVCMEA are governed by memoranda of understanding that expire on June 30, 2027. A total of approximately 38 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.

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, serving a two-year term. 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.

Brian Mohan has served as the City Manager since December 28, 2024. 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 most recently as the Assistant City Manager (Administration). Mr. Mohan's 26-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.

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 and the City Clerk provides clerk services to the City and the Authority.

Launa Jimenez serves as the Assistant City Manager (Administration). 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 Assistant City Manager (Administration), Ms. Jimenez served as the Chief Financial Officer/City Treasurer and the Financial Resources Division Manager, as well as 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.

Sean Kelleher serves as the Assistant City Manager (Development). Mr. Kelleher earned his Bachelor's in Urban and Regional Planning from Cal Poly Pomona and his Master's in Business Administration from the University of Redlands. Mr. Kelleher has been in public service for over 22 years previously serving in the cities of Highland, Redlands, and Riverside, where he has worked on various transformative programs and projects. In 2019, he made the move to Moreno Valley and has served in various roles including Senior Planner, Planning Official, and most recently Community Development Director.

Felicia London serves as the Chief Financial Officer/City Treasurer. Ms. London currently serves as Chief Financial Officer/City Treasurer for the City of Moreno Valley. In this capacity, she oversees the Financial and Management Services (FMS) department, which comprises Financial Operations, Purchasing & Sustainability, Special Districts, Financial Resources, Grants, and Payroll Divisions. Since joining the City in 2010, she has held several key leadership roles, advancing through positions such as Public Safety Contracts Administrator, Purchasing Manager, Special Districts Division Manager, and Deputy Finance Director. Prior to her tenure with Moreno Valley, she worked for the City of Rialto and the County of Riverside. Felicia holds a Bachelor's in Finance and a Master's in Public Administration from California State University, San Bernardino. She is a 30+ year Moreno Valley resident who has two sons and brings over 27 years of dedication to public service and financial leadership.

Jason Niccoli serves as the Electric Utility Division Manager. He oversees electric utility operations, including engineering, power supply, finance, customer service, and compliance, and is responsible for budget development, infrastructure planning, and coordination with developers and stakeholders. Mr. Niccoli brings nearly 20 years of engineering experience, including over 15 years within publicly owned electric utilities, with a focus on transmission, distribution, and system planning. Prior to Moreno Valley, he served as Principal Engineer at Pasadena Water and Power, managing major capital improvement programs and infrastructure projects. His experience also includes roles at Bear Valley Electric Service and Riverside Public Utilities, supporting system design, compliance, and utility planning. Mr. Niccoli holds a Bachelor of Science in Electrical Engineering from the University of California, Riverside, and is a licensed Professional Electrical Engineer in California.

Melissa Walker serves as the Director of Public Works and City Engineer. Ms. Walker began working for the City in December 2021, initially serving as the Engineering Division Manager and most recently as Director of Public Works/City Engineer. Ms. Walker's 37-year career in local government has included senior management positions with the San Bernardino County Department of Public Works. Ms. Walker has a Bachelor of Science in Civil Engineering from the University of California, Berkeley, and a Master's 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.

M. Patricia Rodriquez serves as the City Clerk/Authority Secretary. Ms. Rodriguez has over 29 years of experience in government. She began her career in law enforcement in 1997, where she held various positions and played a key role as one of the founding members of the Menifee Police Department. Seven years ago, Ms. Rodriguez transitioned to the City Clerk's Office, where she continued to contribute to the effectiveness and efficiency of local government operations. She holds a Bachelor of Arts in Public Administration from California State University, San Bernardino, and California Baptist University. Throughout her career, she has remained committed to public service and continues to work toward supporting and enhancing the local community.

Budget Procedure

The City currently operates on a two-year operating budget cycle. The current budget was approved on May 6, 2025 and governs the period beginning on July 1, 2025 for Fiscal Years 2025-26 and 2026-27. 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.

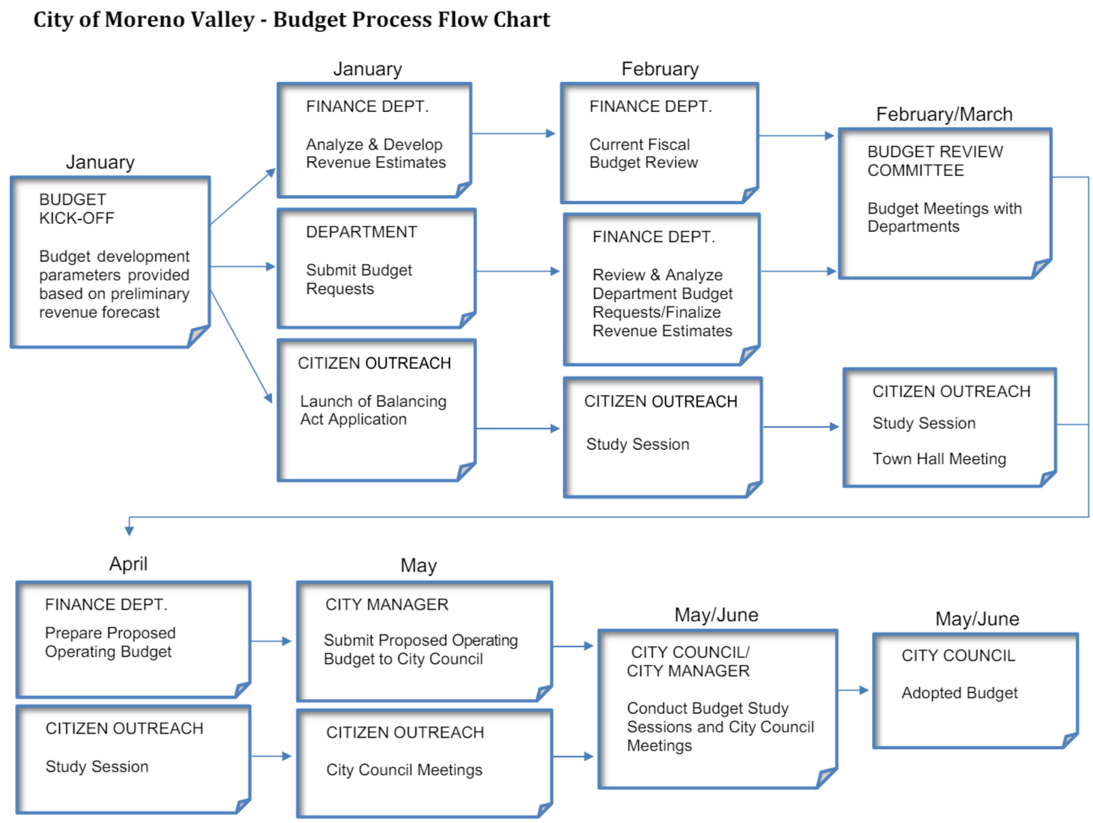
Prior to June 30 of every second Fiscal Year, the City Manager submits to the City Council a proposed budget for the next two-year period commencing the following July 1. The budget includes proposed expenditures and the means of financing them. Prior to June 30 of the applicable Fiscal Year, public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

The Electric System rates are not subject to the requirements under Article XIIID of the California Constitution. See the caption "CONSTITUTIONAL LIMITATIONS."

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

CITY OF MORENO VALLEY
BUDGET PROCESS



Source: City.

The City conducts its annual financial audit between August and November each year, and such audit is typically received 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.

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, 2025.

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

	Employees Hired Before December 23, 2011	***Employees Hired between December 23, 2011 and December 31, 2012***	***Employees Hired after December 31, 2012 (Not Previously CalPERS members)***
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]	7.75%[1]
Employer Normal Cost Rate	19.85%	19.85%	19.85%

(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 2026
(AB 340 AND NON-AB 340 EMPLOYEES)

	Employees Hired Before January 1, 2013 (Non-AB 340 Employees)	***Employees Hired On or After January 1, 2013 (AB 340 Employees)***
Maximum Pensionable Income	$360,000	$191,679
Maximum Pensionable Income if also Participating in Social Security	N/A	$159,733

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 lability 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 the Fiscal Year ending June 30, 2025, required employer normal cost rates as a percentage of payroll were 12.11% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012. For the Fiscal Year ending June 30, 2026, required employer normal cost rates as a percentage of payroll are 11.55% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012. For the Fiscal Year ending June 30, 2027, required employer normal cost rates as a percentage of payroll will be 11.26% for employees hired before December 23, 2011, employees hired between December 23, 2011 and December 31, 2012 and employees hired after December 31, 2012.

For the Fiscal Year ending June 30, 2025, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan was $7,988,536, of which $471,070 was attributable to the Electric System. For the Fiscal Year ending June 30, 2026, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan is $8,659,463, of which approximately $510,633 is attributable to the Electric System. For the Fiscal Year ending June 30, 2027, the total required employer payment of the unfunded accrued liability for the City's Miscellaneous plan will be $8,851,947, of which approximately $521,984 is expected to be attributable to the Electric System.

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 2013 through 2024 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%), 5.8% and 9.3%, respectively. CalPERS preliminary earnings report for Fiscal Year 2024-25 reported investment gains of approximately 11.6%. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

The announcement on July 12, 2021 that CalPERS achieved investment returns of 21.3% in Fiscal Year 2021 caused the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in fall 2021 in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. 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, 2024 for the Miscellaneous Plan of the City of Moreno Valley (the "2024 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 2024 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 following projections assumed the investment return for Fiscal Year 2024-25 would be 6.8%. However, CalPERS announced preliminary investment returns of 11.6% for Fiscal Year 2024-25. As a result, the actual contribution requirements for the Fiscal Years 2026-27 and the following years shown below can be expected to differ from such projections.

	Required Contribution	***Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)***				
Fiscal Year	***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Normal Cost %	11.26%	11.0%	10.7%	10.5%	10.3%	10.0%
UAL Payment	$8,851,947	$9,179,000	$9,967,000	$10,084,000	$10,177,000	$9,389,000
Total as a % of Payroll*	38.44%	38.4%	39.7%	39.0%	38.2%	35.1%
Projected Payroll	$32,566,993	$33,478,869	$34,416,277	$35,379,933	$36,370,570	$37,388,947

* Illustrative only and based on the projected payroll shown.
Source: CalPERS' 2024 Report.

The table below is derived from the 2024 Report and shows the funded status of the City's Miscellaneous pension plan as of the valuation dates shown.

Valuation Date	***Accrued Liability***	***Market Value of Assets***	***Unfunded Liability***	***Funded Ratio***	***Annual Covered Payroll***
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
6/30/2023	275,339,043	183,627,232	91,711,811	66.7	24,653,083
6/30/2024	292,730,406	200,075,113	92,655,293	68.3	29,977,700

Source: CalPERS' 2024 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 $81,162,669 for Fiscal Year 2024-25 (as of the measurement date of June 30, 2024). 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 the Fiscal Year ending June 30, 2025, the City incurred Miscellaneous plan pension expenses of $11,206,430.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2024-25 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
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Salary Increases	Varies by entry age and service, depending on age, service and type of employment
Investment Rate of Return	6.80% 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 of Moreno Valley.

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

	Increase / (Decrease)		
	Total Pension Liability	***Plan Fiduciary Net Position***	***Net Pension Liability / (Asset)***
Balance at June 30, 2023 (Measurement Date)	$ 270,687,477	$ 183,675,263	$ 87,012,214
Balance at June 30, 2024 (Measurement Date)	281,331,139	200,168,470	81,162,669
Net Changes for period from July 1, 2023 through June 30, 2024	$ 10,643,662	$ 16,493,207	$ (5,849,545)

Source: City of Moreno Valley.

The table below presents the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2024-25 (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 2024-25 rate:

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

	Discount Rate – 1% (5.90%)	*Applicable Discount Rate (6.90%)*	*Discount Rate + 1% (7.90%)*
Plan's Net Pension Liability/(Asset)	$117,875,449	$81,162,669	$50,790,094

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 A.

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, 2024 (the census date), the following employees were covered by the benefit terms:

Category	*Count*
Active employees	364
Inactive employees or beneficiaries currently receiving benefit payments	189
Inactive employees entitled to but not yet receiving benefit payment	76

Source: City of Moreno Valley.

The City funds benefits under the OPEB Plan based on an Actuarially Determined Contribution (the "ADC"). For the year ended June 30, 2025, the City's ADC contribution rate was 11.42% of covered employee payroll. Employees do not contribute to the plan, but instead pay the difference between the benefit that they receive and the monthly premium for that benefit.

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

The City retained Precision Actuarial Inc. (the "Actuarial Consultant") to calculate the City's post-employment benefits funding status. In a report for the Fiscal Year ended June 30, 2025 (the "Report"), the Actuarial Consultant concluded that, as of June 30, 2025, the City's unfunded actuarial accrued liability (asset) for postemployment benefits was $(853,300). 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, 2025, the City held $19,479,974 in the OPEB Trust. Based on the most recent actuarial valuation, the actuarial unfunded liability of the OPEB Plan was estimated to be approximately $(853,300) using a methodology that is compliant with GASB 75.

Changes in the total liability for the City's OPEB Plan for Fiscal Year 2024-25 were as follows.

CITY OF MORENO VALLEY
CHANGES IN OPEB PLAN LIABILITY

	Increase / (Decrease)		
	Total OPEB Plan Liability	***Plan Fiduciary Net Position***	***Net OPEB Plan Liability / (Asset)***
Balance at June 30, 2024	$ 19,850,831	$ 16,430,996	$ 3,419,835
Net Changes for period from July 1, 2024 through June 30, 2025	(1,224,157)	3,048,978	(4,273,135)
Balance at June 30, 2025	$ 18,626,674	$ 19,479,974	$ (853,300)

Source: City of Moreno Valley.

The following table presents the net liability of the OPEB Plan, calculated using the discount rate applicable to Fiscal Year 2024-25 (6.40%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.40%) or 1 percentage point higher (7.40%) than the current rate:

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

	Discount Rate – 1% (5.40%)	***Current Discount Rate (6.40%)***	***Discount Rate + 1% (7.40%)***
Plan's Total Liability/(Asset)	$1,059,679	$(853,300)	$(2,489,085)

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 make the Series 2026A Installment Payments.

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

Risk Management

The City is exposed to various risks of loss, including tort claims, theft, damage, or destruction of assets, employment practices liability, automobile liability and damage, errors and omissions, and employee injuries. To manage these exposures, the City maintains internal service funds to account for and finance its risk management activities. These funds provide coverage up to $300,000 per workers' compensation claim and $250,000 per general liability claim. For claims exceeding these self-insured retention levels, the City has obtained additional insurance coverage through Public Entity Risk Management Authority ("PERMA") and Public Risk Innovation Solutions and Management ("PRISM").

The City is a member of PERMA, which it joined in July 2009 (having previously been a member from December 1986 through June 1996). PERMA is a member-directed joint powers authority that provides comprehensive risk management services to public entities. Its purpose is to develop and administer programs for pooling self-insured losses, purchasing excess insurance or reinsurance, and securing group-purchased insurance for property, liability, and other coverages, including cyber liability. Through its participation in PERMA, the City benefits from risk sharing, professional claims administration, and access to broader insurance markets. Additionally, the City engages AdminSure to administer workers' compensation claims and participates in a separate excess workers' compensation program through PRISM's risk pool.

The City records accrued liabilities for claims outstanding as of fiscal year-end. As of June 30, 2025, accrued liabilities for general liability claims totaled $3,330,446 based on actuarial estimates. The City's contribution for estimated claims within its self-insured layer increased from $1,221,890 for claims incurred during fiscal year 2024–25 to $1,407,871 for claims incurred during fiscal year 2025–26, reflecting updated actuarial valuations. During the past three fiscal years, no settlements have exceeded the City's insurance coverage limits.

Partnering with AdminSure, a third-party claims administrator, the City maintains a self-insured retention of $300,000 per occurrence for workers' compensation claims. Excess workers' compensation coverage, up to statutory limits, is provided through a pooled program administered by Public Risk Innovation Solutions and Management ("PRISM"). Over the past three fiscal years, no settlements or judgments have exceeded the limits of either the pooled or insured coverage, and there has been no significant reduction in coverage compared to the prior year.

For additional information regarding the City's risk management and self-insurance programs, refer to Note 11 of the City's audited financial statements included in Appendix A.

THE ELECTRIC SYSTEM

General

The City owns and operates a retail electric system which serves portions of the City. The City is not the sole provider of retail electric service within the City. For the Fiscal Year ended June 30, 2025, the Electric System had 9,192 metered customers while the Southern California Edison ("SCE"), an investor owned utility, serves the remaining customers within the City. The Electric System's power supply requirements are met through long-term power purchase agreements, in system solar generation and purchase through the California Independent System Operator ("CAISO") centralized markets. For the Fiscal Year ended June 30, 2025, the Electric System purchased a total of 225,586 megawatt hours ("MWh") of electricity for delivery to customers throughout the Electric System's service area.

The City established the Moreno Valley Utility ("MVU") in 2001 for the purpose of operating a retail electric system in order to provide electric service to residents and businesses within a portion of the City. MVU first provided electric service to customers in 2004 in the Promontory Park subdivision of the City in 2004. The service area of the Electric System currently consists of approximately 34 square miles (representing approximately 64% of the area within the City) generally located within the southern and eastern portions of the City. The central and south east areas of the city are expanding most rapidly with approximately 17,000 housing units and more than 42 million square feet of commercial space currently either in construction or in development review.

MVU offers a comprehensive range of services, including customer support, meter reading, billing operations, emergency response, and additional utility functions for newly developed commercial and residential areas. The Electric System operated by MVU is composed of a subterranean 12-kilovolt ("kV") distribution network and supported by three substations and five interconnection points with SCE. MVU operates three substations, which function as hubs where high-voltage electricity is stepped down to lower voltages suitable for distribution to homes and businesses and help regulate voltage levels and provide points for managing the flow of electricity across the grid.

No Other Outstanding Electric System Obligations

The City does not currently have any other obligations payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments. However, the Installment Purchase Agreement permits the City to issue and incur additional parity Contracts and Bonds payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions set forth therein and as further described under the caption "SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations."

Description of the Electric System

General. The Electric System's infrastructure, composed entirely of a subterranean 12 kV distribution network, supported by three substations and five interconnection points with SCE, with a peak load of 64 Megawatts ("MW") for Fiscal Year 2025 and capacity for 119 MW delivery electricity to more than 9,100 Moreno Valley residential and commercial customers. Major Electric System facilities are described below.

Substations. MVU operates three substations, which function as hubs where high-voltage electricity is stepped down to lower voltages suitable for distribution to homes and businesses and help regulate voltage levels and provide points for managing the flow of electricity across the grid. The Moreno Valley Substation serves the southern-central portion of the City and the Kitching Substation serves the western and southern portions of the City. These two substations are equipped with two transformers which step the voltage from 115kV to 12kV.

MVU also operates the MoVal South Substation, which is a 35kV substation which is operational but currently not in service, and located in the southern portion of the City. The MoVal South Substation can convert a single 35kV circuit into four circuits at 12kV The City has purchased a parcel to serve as an additional low-profile substation site in Edgemont, on Day Street north of Cottonwood Avenue, to which the City currently plans to move the equipment located at the MoVal South Substation.

Circuits and Interconnections. A total of 14 circuits distribute electricity to Electric System customers, with six circuits connected to each substation. The Electric System also includes two additional 12kV interconnection points with SCE, which serve the western portion of the City. The City has three available idle circuits at Moval South Substitution which are interconnected with circuits from Kitching Substitution and can be reconfigured to serve load there.

Conductor Length. The Electric System's primary conductors total approximately 169 miles, which allows the Electric System to deliver power across the City. The Electric System's secondary conductors total approximately 244 miles and distribute power from transformers to individual Electric System customers as the final stage of the delivery of electricity.

Transformers. The Electric System includes approximately 939 installed transformers which are distributed strategically throughout the grid to step down 12kV electricity to usable levels for residential and commercial customers. 52 transformers are kept in inventory to address emergencies or replacements, ensuring quick response times and minimal disruption to service.

Underground Structures. The Electric System includes approximately 1,969 underground structures, including vaults, manholes and pull boxes, which reduce the need for excessively long cable pulls, which can be difficult due to friction and weight. Keeping each cable pull to a manageable length ensures that cable is not damaged during the cable pulling process, preventing future outages down the line due to cable failure and also protects critical electrical components, ensure system reliability, and facilitate efficient maintenance access.

Switches. The Electric System includes approximately 211 installed switches ensure control and sectionalization of the electrical grid, allowing for flexible management and isolation of faults. Eight additional switches in inventory are available to address emergencies or support future expansions.

Customer Meters. As of June 30, 2025, the Electric System had 9,192 customer meters tracking energy usage, providing critical data for accurate billing and real-time monitoring.

Streetlights: Approximately 11,500 installed streetlights illuminate the City's streets, enhancing public safety and community visibility during nighttime. An additional 40 streetlights are kept in inventory to ensure timely replacements or new installations as needed.

Additional Components. The Electric System utilizes 26 capacitor banks to maintain voltage stability for the Electric System, which are essential for protection and preventing voltage fluctuations.

Power Supply

Sources of Supply. The electricity supplied to customers of the Electric System is currently obtained from the following sources:

(1) energy purchases through the CAISO centralized markets (see the caption "—Open Market Purchases"); and

(2) long-term power purchase agreements for renewable energy (see the caption"—Power Purchase Contracts").

(3) Generated from MVU owned solar panels

(4) Purchased from MVU customer owned generation

Use of Supply. As of June 30, 2025, the total number of meters in the Electric System was 9,192. For the Fiscal Year ended June 30, 2025, the overall average net cost of purchased power was approximately $0.046 cents per kilowatt-hour ("kWh") inclusive of transmission costs.

The various power supply resources available to the Electric System during the Fiscal Year ended June 30, 2025 are described below. During the Fiscal Year ended June 30, 2025, the City purchased a total of 225,586 MWh of electricity for delivery to customers of the Electric System. The following table sets forth the amounts in MWh and percentages of electricity obtained by the City for customers of the Electric System during the Fiscal Year ended June 30, 2025.

CITY OF MORENO VALLEY
ANNUAL ELECTRICITY SUPPLY
Fiscal Year Ended June 30, 2025

Resource	Cost/kWh(1)	MWh	Percentage
Renewable Resources	$.050	128,485	57%
Open Market Purchase	.040	97,101	43
Total	**$.046**	**225,586**	**100%**

(1) Includes transmission costs.
Source: City of Moreno Valley.

The peak demand for the Electric System for the fiscal year ended June 30, 2025 was 64 MW. The historic Electric System peak demand of 64 MW was set on September 6, 2024. The following table sets forth the total purchases of power (MWh) and the peak demand (MW) during the last five Fiscal Years for Electric System customers.

CITY OF MORENO VALLEY
TOTAL ENERGY PURCHASED AND PEAK DEMAND

	2021	*2022*	*2023*	*2024*	*2025*
Renewable Resources (MWh)	80,613	65,703	61,616	101,590	128,485
Open Market Purchase (MWh)	142,234	160,116	173,363	121,412	97,101
System Native Load (MWh)	222,846	225,819	234,979	223,002	225,586
System Peak Demand (MW)	53	51	59	56	64

Source: City of Moreno Valley.

Open Market Purchases

To meet the Electric System's daily electricity demand, the City procures power for the Electric System through its designated scheduling coordinator and market agent, Tenaska. Operating within the CAISO balancing authority, the Electric System must continuously balance its forecasted loads with available generation resources to maintain grid reliability and regulatory compliance. CAISO functions as the independent grid operator for the majority of the State, managing the flow of electricity across high-voltage transmission lines and operating a real-time wholesale energy market that allows load-serving entities to buy and sell energy efficiently. Because the City does not own sufficient dispatchable generation to serve its entire load at all hours, participation in the CAISO market is essential. Through Tenaska, the City submits daily and hourly load forecasts and energy schedules, and purchases spot market power to cover any real-time imbalances between projected demand and actual usage. Tenaska's use of advanced analytics and market expertise ensures that the City can secure a reliable energy supply on a cost-effective basis while adapting to rapidly changing load conditions, weather patterns, and market volatility. This market-based procurement approach is foundational to

MVU's operational strategy and directly supports its efforts in regulatory compliance, long-term planning, and resource adequacy.

CAISO operates the state's electricity markets, which the City participates in to meet its energy needs. The City engages in CAISO's day-ahead and real-time markets and secures Resource Adequacy ("RA") capacity to meet forecasted demand, ensuring local reliability and avoiding penalties.

Power Purchase Contracts

General. In an effort to increase the share of renewable energy sources in the City's power portfolio, the City has entered into power purchase agreements with various entities described below, in general on a "take-and-pay" basis.

For a discussion of State law relating to renewable portfolio standards, the adoption of a plan by MVU with respect to such standards and MVU's compliance with its plan, see the caption "—Renewables" below. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings—*California Renewables Portfolio Standard*."

CITY OF MORENO VALLEY
LONG-TERM POWER PURCHASE AGREEMENTS

Supplier	Effective Date	Location	Energy Type	Term (Years)	MW	Price per Mwh
RE Astoria 2	10/26/2016	Kern County	Solar	20	2	$63.00
Whitney Point Solar	4/18/2017	Fresno County	Solar	20	4.5	$58.75
Antelope Expansion 3A	6/15/2021	Los Angeles County	Solar	20	15	$36.87
RE Greyshark	5/5/2023	Kern County	Solar	20	16	$26.95
Golden Fields Solar IV	7/25/2025	Kern County	Solar	15	6	$46.00

Source: City of Moreno Valley.

Renewables

General. Principal among the State's existing clean energy and climate change programs focused on the energy sector are the California Global Warming Solutions Act of 2006 (more commonly known as "AB 32"), which currently requires reductions in the State's GHG emissions to 40% below 1990 levels by 2030, and the Renewables Portfolio Standard ("RPS"), which establishes increasingly stringent renewable energy procurement requirements, with current law requiring all California utilities to meet a 60% RPS requirement by 2030. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings."

RPS Compliance. Initial State legislative efforts established an RPS requiring 20% of all retail electricity retail sales to come from renewable energy generation by 2017. Since then, legislative and executive branch initiatives have raised that standard several times. Senate Bill X1-2, chaptered in 2011 ("SBX 1-2"), required each local, publicly-owned electric utility ("POU") to adopt and implement a renewable energy resource procurement plan and established procurement targets for three compliance periods to be implemented by the procurement plan, culminating in the procurement of eligible renewable energy resources sufficient to provide 33% of retail sales by December 31, 2020. Senate Bill 350 ("SB 350"), enacted in 2015, established an RPS target of 50% by December 31, 2030 for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POUs, including interim targets of (i) 40% by the end of the 2021-2024 compliance period, (ii) 45% by the end of the 2025-2027 compliance period and (iii) 50% by the end of the 2028-2030 compliance period. Current law, enacted by Senate Bill 100, the 100 Percent Clean Energy Act of 2018, accelerates the State's RPS target established by SB 350 and requires all California utilities to meet a 60% RPS requirement by 2030. SB 100 requires retail electric sellers and POUs to procure a minimum quantity of electricity products from eligible renewable energy resources so that the total kWhs of those products sold to retail end-use customers achieve (i) 44% of retail sales by December 31, 2024; (ii) 52% of retail sales by December 31, 2027; and (iii) 60% of retail sales by December 1, 2030. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS—State Legislation and Regulatory Proceedings—*California Renewables Portfolio Standard*" for a discussion of this legislation.

MVU met the requirements for the most-recent compliance period ending December 31, 2024 through existing long-term renewable power purchase agreements and strategic market purchases to fill any gaps in specific compliance years. The purchase energy consisted of a variety of resources, primarily solar. In 2025, MVU's existing solar also cover its RPS obligation. From 2026 through 2030, MVU plans to strategically invest in RPS eligible power purchase agreement such that the RPS obligation is met through power purchase agreement. From 2030 through 2045, MVU plans to consider least cost options between power purchase agreements and resource construction to meet the RPS requirements. MVU's policy is to purchase 105% of its RPS obligation, to ensure it is always in compliance, and to meet up to 10% of its RPS obligation using credits that have been unbundled from their generation source. (Portfolio Content Category 3).

Current Energy Mix – Power Content Label. California State law requires retail electricity suppliers, such as MVU, to disclose annually certain information about the energy resources used to generate the electricity supplied to customers, through a "Power Content Label," a tabular summary of the resources that comprise the relating electricity supplier's power supply portfolio. The table below sets forth the Electric System's estimated mix of power resources used to generate the electricity sold to customers for 2024.

CITY OF MORENO VALLEY
GENERATION MIX PERCENTAGES
(2024)

Electricity Sources	**City of Moreno Valley Power Mix Percentage**
RPS Eligible Renewables[1]	52.00%
Biomass and Biogas	0.00
Geothermal	0.00
Eligible Hydroelectric	0.00
Solar	52.00
Wind	0.00
Large Hydroelectric	0.00
Nuclear	0.00
Emerging Technologies	0.00
Other	0.00
Natural Gas	0.00
Coal & Petroleum	0.00
Unspecified Sources of Power (primarily fossil fuels)[2]	48.00
Total	100.0%
Percentage of Retail Sales Covered by Retired Unbundled RECs[1]	15.0%

(1) Does not reflect compliance with the RPS, which measures the use of tracking instruments called Renewable Energy Credits ("RECs") over the course of multi-year compliance periods. RECs that are purchased separately from the renewable energy ("Unbundled RECs") can be used for RPS compliance, but they do not factor into the power mixes or GHG emissions intensities. See "CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS – State Legislation and Regulatory Proceedings – California Renewables Portfolio Standard" and "*– RPS Compliance*."

(2) Unspecified power is electricity purchased from a genericized pool on the open market.

Source*:* City of Moreno Valley.

Five-Year Strategic Energy Plan

MVU's Five-Year Strategic Energy Plan (2025–2030) outlines a path to ensure regulatory compliance, enhance Electric System reliability, and maintain long-term affordability for its customers. Built on the foundation of MVU's 2025 Integrated Resource Plan (the "IRP"), the Five-Year Strategic Plan aligns MVU's energy procurement, portfolio development, and operational oversight with California's clean energy mandates and the City's projected growth. Key targeted actions in the Five-Year Strategic Plan include:

- Procure short-term RPS and RA power purchase agreements to meet immediate system and regulatory needs.
- Procure 100,000 MWh long-term power purchase agreement in 2026 to provide energy and RPS and RA attributes to meet system and regulatory needs.
- Secure a contract to begin managing congestion revenue rights to benefit the Electric System.
- Begin the process of receiving RPS renewable energy credits for rooftop solar.

- Begin developing agreements and partnerships with developers to install and maintain rooftop solar for MVU.
- Develop internal renewable energy matrices to better evaluate renewable energy resources and their corresponding attributes as the market and regulations change.
- Explore financing opportunities for long-term power agreement payments.
- Develop and implement the power supply risk management strategy.
- Secure the next phase of scheduling coordination and market operations contract.

The efforts identified by the IRP and MVU's strategic planning make investments in increasing internal resources critical to the success of the Electric System. MVU has transitioned from an externally managed procurement model to a performance-driven, staff-led framework. The establishment of the Power Supply Division and the addition of dedicated in-house expertise have yielded savings and strengthened institutional oversight. MVU has added two additional full-time staff positions to enhance the work that began with the addition of the Power Supply Manager position and the creation of the Power Supply Division within MVU.

In addition to the investment in the Power Supply Division and staff, the Utility Business Plan prioritizes the following over the next five years:

- Internalizing energy procurement and compliance functions;
- Securing long-term renewable and RA-eligible resources;
- Deploying battery energy storage to enhance flexibility and peak support;
- Meeting system, local, and flexible RA requirements through portfolio diversification;
- Aligning new resource additions with RPS milestones and SB 100 targets;
- Managing rate impacts through planning, grants, and market participation.

Through disciplined execution of this plan, MVU will ensure a reliable, sustainable, and financially resilient power supply, serving the evolving needs of its customers while meeting all regulatory obligations.

- Target resources with bundled RA attributes to improve year-ahead and month- ahead compliance.
- Begin phased procurement aligned with IRP timelines to meet 2030 RPS and RA benchmarks.
- Engage in joint procurement with regional POUs or JPA structures to reduce costs and improve buying power.

Operations and Maintenance

Following the establishment of MVU and the beginning of operations by the Electric System, for several years, ENCO Utility Services ("ENCO") served as the primary service provider for technical, operational, and customer-facing functions of the Electric System. Beginning in 2018, the City began planning to focus on long-term operational independence, internal capacity building and improved customer service delivery. The first significant step in the City's internalization plan for the Electric System came in late 2022 with the deployment of the Oracle Customer Cloud Service billing system, which centralized utility billing, account management, and customer interface functions under the City's direct control and enabled the City to reduce dependence on ENCO and support future in-house operations. Simultaneously, MVU began building technical capacity by hiring engineers with prior utility experience to support infrastructure projects, customer growth, and utility systems planning.

In 2023, the Electric System underwent a significant organizational shift, formally restructuring into five distinct operational groups: Power Supply, Customer Service, Finance, Engineering & Operations and Public Purpose. Each group was assigned a dedicated, newly hired manager, marking a transition from a centralized, Division Manager-led model to a distributed leadership structure grounded in subject matter expertise. This transition enhanced operational agility, clarified accountability, and equipped the City to more effectively manage the increasing complexity of municipal utility operations.

In 2024 and 2025, organization of the Electric System reflects a hybrid model of City staff supported by contractual services, with preparations to absorb additional responsibilities from ENCO, including: Engineering & Service Planning, certain Operations & Field Services and certain Customer Service Functions. Management roles in all five core groups are currently filled by City staff, and to support this further transition, the City is in the process of hiring additional full-time staff across these disciplines. Contracted support is expected to continue to play a key role in delivering engineering, customer service, and field operations services throughout 2025 and 2026, with the City entering into three separate contracts for outside consultants to provide such services for the Electric System following the termination of the ENCO contract. In 2024 the City entered into a contract with ESC Partners to provide customer service support for Electric System customers through June 30, 2029. In 2025, the City entered into a contract with CLP Engineering, LLC to provide engineering services for the Electric System, such as design, engineering and related consulting services for new and existing Electric System facilities, through June 30, 2027. Also in 2025, the City entered into a contract with CLP Operations & Maintenance, Inc., to provide certain electric vehicle operational charging services for the Electric System through June 30, 2028.

By 2027, the City intends to continue the transition to a fully internally managed service model by bringing on core operational functions and the City envisions:

- Full in-house engineering and planning, including SCADA support and system design.
- Expanded operations with city-employed field crews and a dedicated Operations Manager.
- On-site customer service team handling billing and inquiries.
- Enhanced financial oversight, including oversight of credit and collections.
- Deployed Power Supply functions in resource planning and settlements analysis.
- New roles supporting IT, power dispatch, and energy trading.
- This structure reflects MVU's goal of becoming a self-sufficient utility that can scale with the City's ongoing growth and development pressures.

Customers and Electric Sales

The following tables set forth the number of metered customers and the total energy sold during the periods shown.

CITY OF MORENO VALLEY
NUMBER OF METERED CUSTOMERS

	Fiscal Year				
	2021	***2022***	***2023***	***2024***	***2025***
Residential	6,349	6,679	6,937	7,082	7,744
Commercial	656	669	793	1,025	1,218
Industrial	8	8	7	7	7
Agriculture	2	3	3	3	3
Municipal	142	146	152	155	169
Public Lighting	41	44	48	49	51
Total - all classes	7,198	7,549	7,940	8,321	9,192

Source: City of Moreno Valley.

CITY OF MORENO VALLEY
ENERGY SOLD
(MWh)

	Fiscal Year				
	2021	***2022***	***2023***	***2024***	***2025***
Residential	49,112	48,495	44,813	44,280	47,649
Commercial	141,475	149,726	144,591	153,490	162,523
Industrial	14,328	14,267	13,543	13,038	15,256
Agriculture	377	383	1,134	922	756
Municipal	3,612	4,223	3,866	4,320	4,296
Public Lighting	941	960	860	1,173	1,052
Total MWh Sold	209,844	218,054	208,807	217,223	231,532

Source: City of Moreno Valley.

Customer Concentration

The Electric System's top ten customers of the Electric System provided approximately 41% of Electric System Revenue for the Fiscal Year ended June 30, 2025. The table below sets forth certain information about the Electric System's top ten customers for the Fiscal Year ended June 30, 2025.

CITY OF MORENO VALLEY
TOP TEN CUSTOMERS
FISCAL YEAR ENDED JUNE 30, 2025

Category	*Subcategory*	*Billed Revenue*[(1)]	*Percentage of Total Revenues*[(1)]
1. Consumer Retail Distribution Center/Warehousing	General	$ 6,553,125	10.6%
2. Consumer Retail Distribution Center/Warehousing	Apparel/Footwear	4,677,568	7.5
3. Consumer Retail Distribution Center/Warehousing	Apparel/Footwear	2,744,443	4.4
4. Consumer Retail Distribution Center/Warehousing	Tools	2,414,066	3.9
5. Manufacturing/Industrial	Paper Products	1,859,953	3.0
6. Government/Municipal	City	1,729,470	2.8
7. Consumer Retail Distribution Center/Warehousing	General/Consumables	1,659,622	2.7
8. Consumer Retail Distribution Center/Warehousing	Apparel/Footwear	1,407,611	2.3
9. Government/Municipal	Federal	1,209,793	2.0
10. Manufacturing/Industrial	Electric Vehicles	1,140,113	1.8
Total		**$25,395,764**	**41.0%**

(1) Does not include Public Purpose Charges for administering State-mandated programs such as discounts and energy efficiency programs. See the caption "—Electric System Rates and Charges."
Source: City of Moreno Valley.

Billings and Collections

General. Monthly bills are due and payable upon presentation and will be considered past due if payment is not received by the City within 15 days after the bill is sent to the customer. Deposit requests are due and payable when request for service is made. When a deposit is billed, it will be considered past due if payment is not received by the City within 15 days after the deposit request is sent to the customer. Customers who fail to pay their bills within this time period are subject to service disconnection.

An applicant for electric service who previously has been an Electric System customer and whose electric service has been discontinued by the City during the last 12 months of that prior service because of nonpayment of bills, may be required to re-establish credit. A customer who fails to pay bills before they become past due and who further fails to pay such bills within five days after presentation of a discontinuance of service notice for nonpayment of bills, may be required to pay said bills and reestablish credit by depositing the amount established by the City. A deposit may be required regardless of whether or not service has been discontinued for such nonpayment.

Uncollectible Accounts. Over the past five Fiscal Years, an average of $329,026.20 of the City's total billings were uncollectible, reflecting an average annual write-off rate of approximately 0.5%. The following table shows the historical results of the Electric System's accounts receivable and collection efforts:

CITY OF MORENO VALLEY
HISTORY OF BILLINGS AND COLLECTIONS

Fiscal Year	***Billings***	***Payments***	***Write-Off as % of Billing***	***Net Write-Off***	***Delinquent Receivable Balance***
2025[(1)]	$63,039,437.81	$63,458,750.87	1%	$894,627.04	$(1,313,940.10)
2024	56,149,952.60	55,159,180.64	1%	706,637.37	284,134.59
2023	45,933,887.03	44,106,169.86	0%	43,866.61	1,783,850.56
2022	45,401,020.51	42,614,414.85	0%	--	2,786,605.66
2021	38,634,395.11	36,743,585.28	0%	--	1,890,809.83

(1) Negative delinquent receivable balance includes collections of prior year delinquencies due to the City beginning to collect amounts which were delinquent due to the COVID-19 pandemic in Fiscal Year 2024-25.
Source: City of Moreno Valley.

Electric System Rates and Charges

General. The City is obligated under the Installment Purchase Agreement to establish rates and collect charges in an amount sufficient to meet Operations and Maintenance Expenses of the Electric System and Debt Service requirements, with specified requirements as to priority and coverage. Electric rates are established by the City Council. Electric rates are not subject to general regulatory jurisdiction of the CPUC or by any other State agency. The State's Public Utilities Code contains certain provisions affecting all municipal utilities such as the Electric System, including provisions for a public benefits charge. At this time, neither the CPUC nor any regulatory authority of the State nor FERC approves the City's retail electric rates.

Although its rates are not subject to approval by any federal agency, the City is subject to certain ratemaking provisions of the federal Public Utility Regulatory Policies Act of 1978 ("PURPA"). PURPA requires state regulatory authorities and nonregulated electric utilities, including the Electric System, to consider certain ratemaking standards and to make certain determinations in connection therewith. To the best of its knowledge, the City is operating in compliance with PURPA.

Historically, the City aligned its rates with the electric rates charged by SCE due to the requirements under the ENCO management contract. However, this historical approach limited the City's ability to align rates with the actual cost of providing service. The City most recently adopted rates and charges for the Electric System in December 2025, with an effective date of January 1, 2026, and transitioned to a cost-of-service-based rate model that more accurately reflects the underlying costs of generating, transmitting, distributing, and maintaining the Electric System, while retaining the core benefits of public power. The new rates effective January 1, 2026 provide an average rate reduction of 26% across the Electric Sytem's rate classification compared to SCE's rates. See the caption "—Operations and Maintenance."

Electric System bills generally include a Basic Charge, an Energy Charge, a Public Purpose Charge, a California Energy Resources Charge and the City's utility user's tax. The Base Charge is a fixed base charge for providing a meter and associated services, such as meter reading and customer services. The Energy Charge is charged per kWh of electricity used on a tiered structure based on the time of year and time of day of service. The Public Purpose Charge recovers the costs for administering State-mandated programs such as discounts and energy efficiency programs. The California Energy Resource Charge, which is also referred to as the State Energy Surcharge, is a pass-through fee collected by the State for research into alternative sources of renewable energy. Finally, the Utility Users Tax is a 5.75% charge on utility activity that is assessed on energy, water, sewer, cable, wireless and telephone charges.

At present, the Electric System has 20 rate schedules in effect. The City provides no free electric service. The 20 rate schedules are as follows:

Rate Schedule	***Description***
A	Residential Service
B	General Service
C	Large General Service
P1	Pumping and Agricultural Service (Connected Load Basis)
SL	Street Lighting Service (MVU Owned System)
SL2	Street Lighting Service (Customer Owned and Maintained System))
SL3	Street Lighting Service (Customer Owned System (Metered))
TC1	Traffic Control Service
TOU-LGS	Time of Use—Large General Service
NEM	Net Energy Metering
NEM 2.0	Net Energy Metering Successor Rate
SBP	Solar Billing Pan NEM 2.0 Successor Rate
ED	Economic Development Rate
ED 2.0	Economic Development Rate
ED-LH	Economic Development—Local Hiring Incentive
ED-BR	Economic Development—Business Retention Rate
EV Public	Electric Vehicle Public Charging
WTR	Wireless Technology Rate
CR	Net Compensation Rate
VNEM	Virtual Net Energy Metering

Source: City of Moreno Valley.

Historical Average Billing Rates. The table below sets forth the average billing rate per kWh of the various customer classes during the last five fiscal years.

CITY OF MORENO VALLEY
AVERAGE BILLING RATE
(Cents Per kWh With Demand Included)

	Fiscal Year				
	2021	***2022***	***2023***	***2024***	***2025***
Residential	$0.21	$0.24	$0.32	$0.32	$0.39
Commercial	0.17	0.18	0.20	0.21	0.23
Industrial	0.16	0.18	0.19	0.19	0.22
Agriculture	0.30	0.33	0.24	0.28	0.35
Municipal	0.20	0.21	0.23	0.23	0.28
Public Lighting	0.40	0.42	0.52	0.42	0.49
Average - All Classes Combined	0.18	0.20	0.23	0.23	0.27

Source: City of Moreno Valley.

Comparison of Electric System Rates to Surrounding Providers by Customer Class. The table below sets forth a comparison of the latest Electric System rates per kWh (in Fiscal Year 2025) to the current charges of other energy providers in the vicinity of the Electric System, including Southern California Edison. The table represents the cost for each respective provider[(1)]:

	Residential	***Commercial***	***Industrial***
Moreno Valley Utility	$.35/kWhr	$.30/kWhr	$.28/kWhr
Southern California Edison	$.43/kWhr	$.35/kWhr	$.33/kWhr
Riverside Public Utilities	$.29/kWhr	$.33/kWhr	$.20/kWhr
Banning	$.43/kWhr	$.41/kWhr	$.34/kWhr
San Diego Gas and Electric	$.56/kWhr	$.51/kWhr	$.43/kWhr

(1) In order to display this table as a true cost comparison, public purpose charges, utility users tax and other regional expenses were included so that this table represents a true cost comparison between agencies.

Source: City of Moreno Valley.

Historical Revenues

The following table sets forth such electric sales during the periods shown.

CITY OF MORENO VALLEY
REVENUES FROM SALES OF ELECTRICITY
(Demand Included)[(1)]

	Fiscal Year				
	2021	***2022***	***2023***	***2024***	***2025***
Residential	$10,204,693	$ 11,853,337	$ 14,464,757	$ 14,085,974	$18,631,331
Commercial	24,521,100	27,626,781	28,698,299	32,378,200	38,046,653
Industrial	2,293,203	2,497,603	2,523,970	2,528,105	3,354,511
Agriculture	113,245	125,617	276,313	261,112	262,369
Municipal	709,927	873,254	895,374	1,001,749	1,197,175
Public Lighting	375,132	405,782	448,953	490,839	518,131
Total	**$38,217,300**	**$ 43,382,373**	**$ 47,307,665**	**$ 50,745,978**	**$62,010,170**

(1) Does not include Public Purpose Charges for administering State-mandated programs such as discounts and energy efficiency programs. See the caption "—Electric System Rates and Charges."
Source: City of Moreno Valley.

Future Electric System Improvements

As described in the Official Statement under the caption "THE PROJECT," the City expects to finance approximately $100 million of capital projects for the Electric System from a portion of the proceeds of the 2026A Bonds. Including the 2026A Project expected to be financed from a portion of the 2026A Bonds, the City projects spending approximately $237,909,275 on Electric System capital improvements and additions in the current and next four Fiscal Years. The table below sets forth the annual planned capital expenditures for the Electric System over the current and next four Fiscal Years.

CITY OF MORENO VALLEY
ELECTRIC SYSTEM CAPITAL IMPROVEMENT PLAN

2026	***2027***	***2028***	***2029***	***2030***	***Total***
$31,552,865	$54,876,910	$61,442,500	$55,250,500	$34,786,500	$237,909,275

Source: City of Moreno Valley.

Such capital improvements include upgrades to existing substations and meters, and other capital projects to improve reliability. The City anticipates paying for the cost of such improvements and additions from the proceeds of the 2026A Bonds and a combination of Net Electric System Revenues and existing Electric System reserves. The City can make no assurance that such additional capital improvements will be undertaken. Other than amounts associated with the 2026A Project, a portion of which will be financed from proceeds of the 2026A Bonds, the projections under the caption "ELECTRIC SYSTEM FINANCIAL AND OPERATING INFORMATION—Projected Electric System Operating Results and Debt Service Coverage" do not reflect any costs associated with such potential capital improvements as such costs are expected to be capitalized rather than paid as Operation and Maintenance Costs of the Electric System.

ELECTRIC SYSTEM FINANCIAL AND OPERATING INFORMATION

Financial Statements

Included herein as Appendix A is the Annual Comprehensive Financial Report of the City for the Fiscal Year ended June 30, 2025, together with the report thereon dated December 5, 2025 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 December 5, 2025.

The summary operating results contained under the caption "—Historic Operating Results and Debt Service Coverage" are derived from the City's audited financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. See the caption "SECURITY FOR THE 2026A BONDS—Revenue Pledge Securing the Series 2026A Installment Payments" and "—Rate Stabilization Fund" for a discussion of the recognition of certain revenues and operation and maintenance expenses under GAAP.

Significant Accounting Policies

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. 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 soon as all eligibility requirements imposed by the provider have been met.

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.

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.

Information on the remaining governmental funds of the City as of June 30, 2025 is set forth in Appendix A.

Electric System Reserves

General. The City has established unrestricted funds to use current Electric System Revenues to satisfy future spending plans. The following table shows the Electric System's unrestricted funds and the respective balances as of June 30, 2025 with respect to its Electric System:

	Balance as of June 30, 2025
Operating Reserves	$15,900,000
Electric System Emergency Reserves	2,540,000
Capital Reserves	38,000,000
Unrestricted Fund Balance	19,805,515

Source: City of Moreno Valley

Each of these reserves is funded in an amount equal to or greater than the respective targeted level under the current Electric System reserve policy, as described further below. The City currently does not have any monies which, under GAAP, would not be recognized as Electric System Revenues until the corresponding expenditure is made by the City. The City may modify, amend or remove the use of such funds and the amounts. The City has additional reserves that are not designated but are expected to be applied toward other purposes.

Assigned Fund Balance. The Electric System's assigned fund balance for Operating Reserve is established at a minimum of 20% of the Electric System's operating expenses (not including depreciation and amortization). The funds are to be used for maintaining payment of operating expenses including procurement of materials and restoration of service during periods of scarcity of materials and energy supplies at potentially elevated costs.

The Electric System's assigned fund balance for Emergency/Contingency Reserve is established at a minimum of 2% of the Electric System's fiscal year-end capital assets (net of depreciation). These funds are to be used for emergency or unforeseen infrastructure repair and/or replacements to maintain or restore electric service to customers.

The Electric System's assigned fund balance for Capital Reserve is established at a minimum of 5% of the Electric System's fiscal year-end capital assets (net of depreciation). The funds are to be used for anticipated and approved infrastructure projects and/or repairs to serve existing and future customers.

Unrestricted Fund Balance (Net Position). The Electric System reserve policy provides that the Electric System will achieve and maintain a minimum unrestricted fund balance of not less than 25 % of the operating expenditures. The minimum fund balance is intended to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain budgeted level of services.

Historical Electric System Operating Results

The following table is a summary of operating results of the Electric System for Fiscal Years 2020-21 through 2024-25. These results have been derived from the City's Financial Statements but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Auditor.

CITY OF MORENO VALLEY
HISTORICAL ELECTRIC SYSTEM OPERATING RESULTS
Fiscal Years Ending June 30

	2021	*2022*	*2023*	*2024*	*2025*
REVENUES					
Sales and service charges[(1)]	$ 39,507,049	$ 45,339,827	$ 49,580,869	$ 52,621,285	$ 65,086,891
Interest revenue[(2)]	380,035	(1,654,123)	910,770	3,181,854	5,536,661
Miscellaneous[(3)]	266,864	223,827	1,584,151	1,294,187	315,249
Total Revenues	**$ 40,153,948**	**$ 43,909,531**	**$ 52,075,790**	**$ 57,097,326**	**$ 70,938,801**
OPERATION AND MAINTENANCE COSTS					
Costs of Services[(4)]	$ 1,113,996	$ 1,480,239	$ 2,071,181	$ 2,341,810	$ 3,205,303
Electricity purchased[(5)]	13,933,432	14,787,174	16,385,619	13,037,523	12,565,597
Services and supplies[(6)]	7,293,035	7,447,410	9,370,977	10,212,238	15,947,737
Distribution share[(7)]	5,171,840	6,910,049	8,432,647	8,601,920	10,575,590
Total Operation and Maintenance Costs	**$ 27,512,303**	**$ 30,624,872**	**$ 36,260,424**	**$ 34,193,491**	**$ 42,294,227**
NET ELECTRIC SYSTEM REVENUES	**$ 12,641,645**	**$ 13,284,659**	**$ 15,815,366**	**$ 22,903,835**	**$ 28,644,574**
Debt Service on Lease Revenue Bonds[(8)]	$ 931,198	$ 3,717,015	$ 3,713,501	$ 3,686,306	$ 3,683,968
NET ELECTRIC SYSTEM REVENUES AVAILABLE FOR OTHER PURPOSES	$ 11,710,447	$ 9,567,644	$ 12,101,865	$ 19,217,529	$ 24,960,606

(1) Represents revenues received by the City from the sale of electricity to customers of the Electric System and other service charges. Includes Public Purpose Charges for administering State-mandated programs such as discounts and energy efficiency programs. See the captions "THE ELECTRIC SYSTEM—Customers and Electric Sales," "—Electric System Rates and Charges" and "—Historical Revenues."
(2) Includes changes in fair market value of investments.
(3) Miscellaneous revenues include meter fees and other miscellaneous revenues of the Electric System. Increases in Fiscal Years 2022-23 and 2023-24 due to increased development within the City.
(4) Represents salaries and benefits for City employees allocable to the Electric System.
(5) See the captions "THE ELECTRIC SYSTEM—Power Supply," "—Open Market Purchases" and "Power Purchase Contracts."
(6) Represents all administrative and operational costs of the Electric System other than salaries and benefits and the costs of purchasing electricity, including payments to internal service funds of the City to pay portions of shared costs attributable to the Electric System.
(7) Represents the costs of the prior ENCO contract for management of the Electric System. See the caption "THE ELECTRIC SYSTEM—Operations and Maintenance."
(8) Represents lease payments made by the City in connection with the 2019 Bonds and the 2021 Bonds and under the 2021 Equipment Lease. See the caption "PLAN OF FINANCE—The Refunding Plan." Also represents a portion of the lease payments made by the City in connection with the Authority's Lease Revenue Refunding Bonds Series 2013, Lease Revenue Refunding Bonds Series 2014 and Lease Revenue Refunding Bonds, Series 2024A. Such payments are payable from the City's General Fund, and are not secured by a pledge of Electric System Revenues; however, the City historically has made such lease payments from net revenues of the Electric System.

Source: City of Moreno Valley.

Electric System Outlook

Revenue and Expense Dynamics. As described under the caption "—Electric System Rates and Charges," the City historically aligned its rates with the electric rates charged by SCE under a rate-parity philosophy under the ENCO contract and the City's transition to a cost-of-service-based rate model for the Electric System provided an average rate reduction of 26% across the Electric Sytem's rate classification compared to SCE's rates effective January 1, 2026. In connection with the changes in rates, following a 15% planned revenue reduction in Fiscal Year 2025-26, the City anticipates steady revenue growth fueled by new load additions, solar billing design, increases to the City's fixed infrastructure charges and energy arbitrage with battery storage.

New Load Additions. Large commercial and industrial customers, electric vehicle infrastructure, and new housing developments are expected to add substantial load growth, contributing to rising volumetric revenue through Fiscal Year 2029-30. With expected load growth exceeding 3% annually, driven by new residential subdivisions, industrial corridors, and transportation electrification, the City expects to invest in scalable, dispatchable, and renewable-integrated infrastructure, including expanded battery storage, grid automation upgrades, and targeted substation and feeder enhancements to support growing Distributed Energy Resource interconnections.

Solar Billing Design. The City's solar billing plan uses Time-of-Use ("TOU") based rates which ensure cost recovery and revenue stability, even as more customers install rooftop solar. While retail energy sales may slightly decline, net income is expected to increase, as TOU rate designs align better with grid service costs.

Fixed Infrastructure Charges. The Electric System rates adopted in December 2025 and effective January 1, 2026 include an increase to the fixed infrastructure charge, which is intended to ensure the City recovers non-energy-related infrastructure costs (e.g., cables, transformers, interconnection) regardless of customer consumption behavior, enhancing financial resilience as customer-side generation grows.

Energy Arbitrage With Battery Storage. As the City deploys more grid-scale storage, it will purchase energy during low-cost, off-peak hours and discharge during high-cost periods, with the goal of the arbitrage strategy to be a reduction in gross kWh procurement but an increase of the margin on kWh sold, allowing the City to pass solar overproduction savings on to all customers.

Expense Evolution and Strategic Reductions. Several expense categories are expected to improve the Electric System's financial efficiency over time.

Contractor Cost Reduction. The shift from contracted engineering, operations, and customer service functions to full-time staff is expected to reduce Maintenance and Operations Costs associated with contractor spending by more than $8 million annually beginning in Fiscal Year 2025-26, with such reductions expected to be sustained through 2030.

Resource Adequacy Cost Savings. Battery storage installations are expected to offset peak capacity obligations and enhance the Electric System's position in the Resource Adequacy market. This is expected to lower RA costs significantly, beginning in Fiscal Year 2026-27 as new storage assets come online.

Energy Procurement Optimization. Battery assets are also expected to reduce the City's exposure to the market during high-cost periods, allowing the City to decrease wholesale energy purchases on a per customer basis while maintaining retail service reliability. The avoided energy purchases are expected to have long-term downward pressure on total energy costs.

Stable Non-Discretionary Costs. Core support services (legal, software, insurance, utilities, etc.) are forecasted to increase moderately, largely due to inflation and service scale. Such costs are a relatively small portion of the City's budget for Maintenance and Operations Cost and are being managed proactively.

Projected Electric System Operating Results and Debt Service Coverage

The City's projected Electric System operating results for Fiscal Years 2025-26 through 2029-30 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the City's estimate of projected financial results based on a variety of assumptions, including those described under the caption "—Electric System Outlook" and assumptions set forth in the footnotes to the chart below. All of such assumptions are material in the development of the City's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

CITY OF MORENO VALLEY
PROJECTED ELECTRIC SYSTEM OPERATING RESULTS AND DEBT SERVICE COVERAGE
Fiscal Years Ending June 30

	2026[1]	*2027*	*2028*	*2029*	*2030*
REVENUES					
Sales and service charges[2]	$61,221,273	$63,670,124	$ 66,216,929	$ 68,865,606	$ 71,620,230
Interest revenue	3,867,161	3,867,161	3,867,161	3,867,161	3,867,161
Miscellaneous[3]	1,329,005	1,367,169	1,367,169	252,706	260,287
Total Revenues	**$66,417,439**	**$68,904,454**	**$ 71,451,259**	**$ 72,985,473**	**$ 75,747,678**
OPERATION AND MAINTENANCE COSTS					
Costs of Services[4]	$ 3,286,279	$ 5,334,867	$ 5,494,913	$ 5,659,761	$ 5,829,554
Electricity purchased[5]	12,097,124	13,064,894	14,110,085	15,238,892	16,458,004
Services and supplies[6]	20,912,860	23,912,860	25,825,889	27,891,960	30,123,317
Distribution share[7]	7,108,863	--	--	--	--
Total Operation and Maintenance Costs	**$43,405,126**	**$42,312,621**	**$ 45,430,887**	**$ 48,790,613**	**$ 52,410,875**
NET ELECTRIC SYSTEM REVENUES	**$23,012,313**	**$26,591,833**	**$ 26,020,371**	**$ 24,194,860**	**$ 23,336,804**
DEBT SERVICE[8]					
2026A Bonds	--	$ 7,910,894	$ 9,065,050	$ 9,068,800	$ 9,067,050
Total Debt Service	**--**	**$ 7,910,894**	**$ 9,065,050**	**$ 9,068,800**	**$ 9,067,050**
DEBT SERVICE COVERAGE	--	**3.36x**	**2.87x**	**2.67x**	**2.57x**
NET ELECTRIC SYSTEM REVENUES AVAILABLE FOR OTHER PURPOSES	**$23,012,313**	**$18,680,939**	**$ 16,955,322**	**$ 15,126,060**	**$ 14,269,753**

(1) Based on estimated actual results for Fiscal Year 2025-26.

(2) Represents revenues received by the City from the sale of electricity to customers of the Electric System and other service charges. Includes public purpose charges for administering State-mandated programs such as discounts and energy efficiency programs. See the captions "THE ELECTRIC SYSTEM—Customers and Electric Sales," "—Electric System Rates and Charges." Projected to increase approximately 4.00% annually beginning in Fiscal Year 2026-27 based on annual 1.00% rate increases and annual customer growth of 3.00% annually.

(3) Miscellaneous revenues include meter fees and other miscellaneous revenues of the Electric System. Projected amounts for Fiscal Years 2026-27 and 2027-28 based on average meter fee revenues in Fiscal Years 2022-23 and 2023-24 and ongoing development within the City. Meter fees projected to return to historical averages in Fiscal Year 2028-29 and increase by 3.00% in Fiscal Year 2029-30.

(4) Represents salaries and benefits for City employees allocable to the Electric System. Projected to increase in Fiscal Year 2026-27 based on the addition of 15 staff members in Fiscal Year 2026-27 and salary and benefits costs are projected to increase 3.00% annually thereafter.

(5) See the captions "THE ELECTRIC SYSTEM—Power Supply," "—Open Market Purchases" and "Power Purchase Contracts." Projected to increase 8.00% annually beginning in Fiscal Year 2026-27.

(Footnotes continue on following page.)

(Footnotes continued from previous page.)

(6) Represents all administrative and operational costs of the Electric System other than salaries and benefits and the costs of purchasing electricity, including payments to internal service funds of the City to pay portions of shared costs attributable to the Electric System. Projected to increase by $3,000,000 in Fiscal Year 2026-27 based on the implementation of new management contracts for the Electric System effective January 2026 and to increase 8.00% annually thereafter.

(7) Represents the costs of the prior ENCO contract for management of the Electric System, which ended in January 2026. See the caption "THE ELECTRIC SYSTEM—Operations and Maintenance."

(8) Does not include lease payments made by the City in connection with the 2019 Bonds and the 2021 Bonds and under the 2021 Equipment Lease, which totaled approximately $3.7 million in Fiscal Year 2025-26. See the caption "PLAN OF FINANCE—The Refunding Plan." Also does not include a portion of the lease payments made by the City in connection with the Authority's Lease Revenue Refunding Bonds, Series 2024 in the amount of approximately $250,000 annually. Such payments are payable from the City's General Fund, and are not secured by a pledge of Electric System Revenues; however, the City historically has made such lease payments from net revenues of the Electric System.

Source: City of Moreno Valley.

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.

CERTAIN FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY AND OTHER INVESTMENT CONSIDERATIONS

General

The following discussion of legislative, regulatory and other factors affecting the electric utility industry should be considered when evaluating the Electric System and considering an investment in the 2026A Bonds. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. The electric industry has historically been subject to continuing legislative and administrative reform. The City cannot predict at this time whether any additional legislation or rules will be enacted which will affect the Electric System's finances or operations, but the impacts could be significant. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of the 2026A Bonds should obtain and review such information. Such information is not incorporated herein by reference.

The election of new administrations, including the President of the United States, could also impact substantially the current environmental standards and regulations and other matters described herein. For example, upon taking office in January 2025, President Trump issued a series of executive orders affecting executive actions and policies implemented by the prior administration. One such executive order revoked a number of executive actions taken by the Biden administration, including revoking certain executive orders of the Biden administration relating to climate change and clean energy, requiring federal agencies to review all federal government actions taken pursuant to the revoked orders and to take necessary steps to rescind, replace or amend such actions. In addition, the President issued a separate executive order directing the heads of all federal agencies to review all agency actions affecting the development of domestic energy resources, such as oil, natural gas, coal, hydropower, biofuels, critical mineral, and nuclear energy, and within 30 days of identifying any agency action that unduly burdens the production of domestic energy resources, to develop and begin action plans to rescind or revise the agency actions. Further, the agencies were directed to notify the

Attorney General so that appropriate action may be taken in any pending litigation, including the request of a stay, related to the identified agency action. A number of legislative, regulatory and other actions have been taken by federal agencies pursuant to such executive orders. Certain of these actions have been the subject of judicial challenges. The ultimate outcome of these and any other executive orders that the President may issue, or other actions Congress or any federal agencies may take, relating to federal energy policy is not yet known. See also "—Federal Energy and Environmental Policies and Legislation—*Inflation Reduction Act*" and "—Changing Laws and Requirements Generally."

Federal Energy and Environmental Policies and Legislation

Energy Policy Act of 2005. Although the City is exempt from most federal rate regulation pursuant to Section 201(f) of the Federal Power Act (see "THE ELECTRIC SYSTEM—Electric System Rates and Charges"), EPAct 2005 imposed specific exceptions. In particular, FERC was given authority over the behavior of market participants. Under FERC's authority it can impose penalties on any seller for using a manipulative or deceptive device, including market manipulation, in connection with the purchase or sale of energy or of transmission service. The Commodity Futures Trading Commission ("CFTC") also has jurisdiction to prohibit certain types of market manipulation or deceptive claims under the Commodity Exchange Act.

EPAct 2005 authorized FERC to issue permits to construct or modify transmission facilities located in a national interest electric transmission corridor if FERC determines that the statutory conditions are met. EPAct 2005 also required the creation of an electric reliability organization ("ERO") to establish and enforce, under FERC supervision, mandatory Reliability Standards to increase system reliability and minimize blackouts. The Reliability Standards apply to users, owners and operators of the Bulk-Power System, as more specifically set forth in each Reliability Standard. In February 2006, FERC issued Order 672, which certified NERC as the ERO. Many Reliability Standards have since been approved by FERC. Such Reliability Standards pertain not only to the planning, operations, and maintenance of Bulk-Power System facilities, but also to cyber and physical security of systems that could affect the reliable operation of the electric grid. The Reliability Standards are frequently being amended to address emerging reliability issues.

The ERO or the entities to which NERC has delegated enforcement authority through an agreement approved by FERC ("Regional Entities") may enforce the Reliability Standards, subject to FERC oversight, or FERC may independently enforce them. Potential monetary sanctions include fines in excess of $1 million per violation per day. FERC Order 693 further provided the ERO and Regional Entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

Federal Regulation of Transmission Access. EPAct 2005 authorizes FERC to compel "open access" to the transmission systems of certain utilities that are not generally regulated by FERC, including municipal utilities if the utility sells more than four million MWhs of electricity per year. Under open access, a transmission provider must allow all customers to use the system under standardized rates, terms and conditions of service.

FERC Order No. 888 requires the provision of open access transmission services on a nondiscriminatory basis by all "jurisdictional utilities" (which, by definition, does not include municipal entities like the City) by requiring all such utilities to file Open Access Transmission Tariffs (OATTs, as defined above). Order No. 888 also requires "non-jurisdictional utilities" (which, by definition, does include the City) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the non-jurisdictional utility provides itself. Section 211A of the EPAct 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services. Specifically, FERC may require an unregulated transmitting utility to provide access to their transmission facilities (1) at rates that are comparable to those that the unregulated transmitting utility charges to itself; and (2) on terms and conditions (not relating to rates) that are comparable to those under which the unregulated transmitting utility provides transmission services to itself that are not unduly discriminatory or preferential.

On February 16, 2007, FERC issued Order 890, which concluded that reform of its pro forma OATT was necessary to reduce the potential for undue discrimination and provide clarity in the obligations of transmission providers and customers. Significantly, in Order 890 FERC stated that it will implement its authority under Section 211A with respect to unregulated transmitting utilities on a case-by-case basis and retain the current reciprocity provisions.

On July 21, 2011, FERC issued Order 1000, which among other things requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Further, FERC states that it has the authority to allocate costs to beneficiaries of transmission services, even in the absence of a contractual relationship between the owner of the transmission facilities and the beneficiary. Under EPAct 2005, FERC may not require municipal utilities to join regional transmission organizations, in which participating utilities allow an independent entity to oversee operation of the utilities' transmission facilities. FERC has stated, however, that FERC expects such utilities to participate in the regional processes for transmission planning and that FERC will pursue associated complaints against such utilities on a case-by-case basis.

On May 13, 2024, FERC issued Order 1920 to reform the planning of the nation's transmission system as well as the allocation of costs for new transmission projects. Order 1920, among other things, requires public utility (jurisdictional) transmission providers to conduct and periodically update long-term regional transmission planning to anticipate future needs, consider a broad set of benefits when planning new facilities, identify opportunities to modify in-kind replacement of existing transmission facilities to increase their transfer capability, propose methods of cost allocation to pay for selected long-term regional transmission facilities, and increase transparency regarding local transmission planning information. Order 1920 expands the role of states throughout the process of planning, selecting and determining how to pay for new transmission facilities. On November 21, 2024, FERC issued Order No. 1920-A, revising its original Order 1920 in response to numerous requests for rehearing and clarification. The revisions to Order 1920 provide state regulators with a larger role in the long-term regional transmission planning process, particularly in shaping scenario development and cost allocation, by requiring transmission providers to include state input about how future scenarios in the long-term regional transmission planning will be developed and to include any state-agreed cost allocation proposals in their compliance plans. The revised rule also eliminates the requirement for transmission planners to use several recommended economic and reliability costs factors when evaluating potential long-term transmission projects.

The City is monitoring developments at FERC that impact Orders 1000 and 1920 to evaluate any implications of such orders with respect to regional transmission planning and the operations of the Electric System.

Federal Policy on Cybersecurity. In February 2013, then-President Obama issued Executive Order 13636 "Improving Critical Infrastructure Cybersecurity" (the "Cybersecurity Order"). Among other things, the Cybersecurity Order called for improved information sharing and processing of security clearances for owners and operators of critical infrastructure. The Cybersecurity Order further required the Secretary of Commerce to direct the National Institute of Standards and Technology ("NIST") to lead the development of a framework ("Framework") to reduce cyber risks to critical infrastructure. The voluntary Framework continues to be updated and improved as industry provides feedback on implementation. The City will continue to monitor developments in order to help ensure that the Framework continues to recognize the existing cybersecurity efforts in the electric sector, and does not undermine them by creating duplicative or inconsistent processes.

Regulatory Actions Under the Clean Air Act. The United States Environmental Protection Agency (the "EPA") regulates GHG emissions under existing law by imposing monitoring and reporting requirements, and through its permitting programs. Like other air pollutants, GHGs are regulated under the Clean Air Act through the Prevention of Significant Deterioration ("PSD") Permit Program and the Title V Permit Program. A PSD permit is required before commencement of construction of new major stationary sources or major modifications of a major stationary source and requires best available control technologies ("BACT") to control emissions at a facility. Title V permits are operating permits for major sources that consolidate all Clean Air Act requirements (arising, for example, under the Acid Rain, New Source Performance Standards, National Emission Standards for Hazardous Air Pollutants, and/or PSD programs) into a single document and the permit process provides for review of the documents by the EPA, state agencies and the public. GHGs from major natural gas-fired facilities are regulated under both permitting programs through performance standards imposing efficiency and emissions standards.

In May 2023, the EPA proposed new regulations under the Clean Air Act that would establish greenhouse gas emission limits, based on pollution control technology or lower-carbon fuels, for new gas plants, existing gas plants, and existing coal plants, as specified. In February 2024, the EPA announced that it would remove the elements that would have applied to existing natural gas-fired power plants from the final version of the rule. Instead, the EPA stated that it would commence a new rulemaking process that would apply to existing natural gas-fired plants and regulate additional pollutants. In April 2024, the EPA finalized the rule establishing carbon dioxide ("CO2") emissions standards and guidelines for newly built and reconstructed stationary combustion turbines (generally natural gas-fired) and existing and modified fossil fuel-fired steam generating units (generally coal-fired). The final rule identified a standard of performance reflecting the application of best systems for emissions reduction (BSER), taking into account costs, energy requirements and other statutory factors. Under the final rule, emissions standards and guidelines were established for different subcategories of power plants according to unit characteristics such as their generating technology, capacity, level of operations, and anticipated remaining operational life of the unit.

In June 2025, the EPA proposed to repeal all GHG emissions standards for fossil-fuel fired power plants under Section 111 of the Clean Air Act, relating to emissions from new and existing stationary sources of air pollution. The EPA is also proposing, as an alternative, to repeal a narrower set of requirements that include the emission guidelines for existing fossil fuel-fired steam generating units, the carbon capture and sequestration/storage ("CCS")-based standards for coal-fired steam generating units undertaking a large modification, and the CCS-based standards for new base load stationary combustion turbines. In July 2025, the EPA further proposed to revoke the EPA's 2009 "endangerment finding" that CO2 and other GHGs endanger public health and welfare. The 2009 endangerment finding served as the legal basis on which the EPA regulates GHG emissions from the power, oil and gas (and auto) sectors. On February 12, 2026, the EPA rescinded the 2009 endangerment finding. The outcome of these rulemakings being undertaken by the EPA in connection with its regulation of GHG emissions of power plants is not yet known.

Air Quality – National Ambient Air Quality Standards. The Clean Air Act requires that the EPA establish National Ambient Air Quality Standards ("NAAQS") for certain air pollutants. When a NAAQS has been established, each state must identify areas in its state that do not meet the EPA standard (known as "non-attainment areas") and develop regulatory measures in its state implementation plan to reduce or control the emissions of that air pollutant in order to meet the applicable standard and become an "attainment area." The EPA periodically reviews the NAAQS for various air pollutants and has in recent years increased, or proposed to increase, the stringency of the NAAQS for certain air pollutants. These developments may result in stringent permitting processes for new sources of emissions and additional state restrictions on existing sources of emissions, such as power plants.

In addition, the U.S. Supreme Court found in its review of *EPA v. EME Homer City Generation, LP* that the EPA has authority to impose a cross-state air pollution rule which curbs air pollution emitted in upwind states to facilitate downwind attainment of three NAAQS. On November 26, 2014, the EPA proposed to strengthen the stringency of the NAAQS for ozone by lowering the existing ozone standard of 75 parts per billion ("ppb") to between 65 and 70 ppb, although the EPA also sought public comment on a standard as low as 60 ppb. On October 1, 2015, the EPA issued its final rule, lowering the ozone standard to 70 ppb. Legal challenges to the final rule were filed by a number of states and industry groups. On March 12, 2018, a federal district judge in Northern California ordered the EPA to complete the strengthened 2015 ozone standard designations later in 2018. The EPA noticed a final rule on December 6, 2018 implementing ozone NAAQS for nonattainment areas and addressing state implementation plan requirements. That rule became effective on February 4, 2019.

On July 15, 2020, the EPA announced a proposed decision to retain the existing 70 ppb ozone standard. The decision was finalized on December 7, 2020. In August 2023, the EPA announced a new review of the ozone NAAQS to support consideration of new information and advice.

While some particulate matter is emitted directly from sources such as construction sites, unpaved roads, fields, smokestacks or fires, most particles form in the atmosphere as a result of complex reactions of chemicals such as sulfur dioxide and nitrogen oxides, which are pollutants emitted from power plants and other sources. On February 7, 2024, the EPA announced a final rule to strengthen certain NAAQS for fine particulate matter. Areas that are designated as nonattainment areas have planning obligations to demonstrate attainment and meet the new standard within six years following the nonattainment designations.

Mercury and Air Toxics Standards. The Clean Air Act provides for a comprehensive program for the control of hazardous air pollutants, including mercury. In February 2012, the EPA finalized a rule, the Mercury and Air Toxics Standards ("MATS"), establishing new standards to reduce air pollution from coal- and oil-fired power plants under sections 111 (new source performance standards, or "NSPS") and 112 (toxics program) of the Clean Air Act. The rule was subsequently amended in 2013 and 2014. Under section 111 of the Clean Air Act, the MATS rule revised the standards that new and modified facilities, including coal- and oil-fired power plants, must meet for particulate matter, sulfur dioxide, and nitrogen oxide. Under section 112, the MATS rule set new toxics standards limiting emissions of heavy metals, including mercury, arsenic, chromium, and nickel; and acid gases, including hydrochloric acid and hydrofluoric acid, from existing and new power plants larger than 25 MW that burn coal or oil. Power plants would have up to four years to meet these standards. While many plants already meet some or all of these revised standards, some plants would be required to install new equipment to meet the standards.

On July 17, 2020, the EPA finalized revisions to the electronic reporting requirements for MATS that revised and streamlined the reporting requirements and provided enhanced access to MATS data, without imposing new monitoring requirements. In April 2024, the EPA finalized a rule that modified regulation of coal- and oil-fired power plants, including further restricting their emissions and changing emissions monitoring requirements. In April 2025, the President signed a proclamation granting two years of relief from an environmental rule to certain coal-fired power plants, allowing certain coal plants to comply with a less stringent version of the MATS rule for two years. On June 17, 2025, the EPA published a proposed rule to repeal the final MATs rule promulgated in April 2024. The newly proposed rule would relax standards for filterable particulate matter, ease the technology requirements on power plants to demonstrate compliance, and would raise the limit of mercury emissions allowable from lignite-fired plants. On December 23, 2025, the EPA submitted a draft of the final action to the Office of Management and Budget for interagency review and on February 19, 2026, the EPA finalized the repeal of the April 2024 MATS rule.

Effluent Limitations Guidelines and Standards. In June 2013, the EPA proposed to set technology-based effluent limitations guidelines and standards for metals and other pollutants in wastewater discharged from steam electric power plants. The proposal covered wastewater associated with several types of equipment and processes, including flue gas desulfurization, fly ash, bottom ash, flue gas mercury control and gasification of fuels. The EPA considered best management practices for surface impoundments containing coal combustion residuals. The EPA proposed four preferred alternatives for regulating wastewater discharges. The stringency of controls, types of waste streams covered, and the costs varied among the four alternatives. On September 30, 2015, the EPA announced its final Steam Electric Effluent Limitation Guidelines to update the federal limits on toxic metals in discharge wastewater.

In November 2019, the EPA proposed to revise the 2015 effluent limitation guidelines as they relate to existing facilities. The new standards apply to flue gas desulfurization wastewater and bottom ash transport water and are meant to achieve greater pollution reductions than the 2015 standards by taking into account new and more affordable pollution control technologies. The final rule for steam electric power generation point sources was published on August 31, 2020. On August 3, 2021, the EPA announced a planned-rulemaking to strengthen certain discharge limits in the steam electric power generating category. On May 9, 2024, the EPA finalized a supplemental rulemaking for coal-fired plants to strengthen certain wastewater discharge limits.

Inflation Reduction Act. On August 16, 2022, then President Biden signed the Inflation Reduction Act of 2022 (the "IRA"). The IRA introduced a large amount of funding and grants for governmental and non-profit organizations. Among the most significant energy-related grants are grants for "zero-emissions technologies" and other GHG reduction activities as determined the EPA. Pursuant to the IRA, public power utilities and other tax-exempt entities are also given access to refundable direct payment tax credits. Among the energy-related tax credits that may be available if certain requirements are met are a clean hydrogen production tax credit, a biogas and energy storage credit, and enhancements to the credit for carbon capture. The IRA also expanded and extended the renewable electricity production tax credit and the investment tax credits for renewable energy sources.

On July 4, 2025, the President signed the "One Big Beautiful Bill Act," that is expected to significantly impact the IRA's clean energy tax credits, effectively accelerating their repeal or significantly restricting them, especially those related to electric vehicles and clean electricity production.

State Legislation and Regulatory Proceedings

A number of bills affecting the electric utility industry have been introduced or enacted by the California Legislature in recent years. In general, these bills reflect California climate policy developments by regulating GHG emissions and providing for greater investment in energy efficiency and environmentally friendly generation and storage alternatives, principally through more stringent RPS requirements and more aggressive emissions reduction programs to combat the effects of climate change. State legislation enacted in recent years has also focused on addressing issues relating to wildfire risks and occurrences in California, including imposing certain requirements on electric utilities in connection with planning for and mitigating such occurrences and risks. Set forth below is a brief summary of certain of these bills and regulatory proceedings.

California Climate Program. In September 2006, then-Governor Arnold Schwarzenegger signed into law Assembly Bill 32, the California Global Warming Solutions Act of 2006 ("AB 32" or the "Global Warming Solutions Act"). This law, which became effective on January 1, 2007, required CARB to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions from within the State to 1990 levels by 2020. In September 2016, then-Governor Jerry Brown signed into law Senate Bill 32 ("SB 32"), an amendment to the Global Warming Solutions Act, that requires CARB to take such actions to ensure that statewide GHG emissions from within the State are reduced to at least 40% below 1990 levels by 2030.

SB 350, the Clean Energy and Pollution Reduction Act of 2015, signed into law by then-Governor Brown in October 2015, among other things, requires CARB, in consultation with the California Public Utilities Commission ("CPUC") and the CEC, to establish 2030 GHG emission targets for each electric utility in the State. SB 350 was superseded by SB 100, adopted in 2018, which set a 100% zero-carbon by 2045 requirement and accelerated RPS targets to 50% by 2025 and 60% by 2030. At present, these targets are non-binding, and primarily intended to help the State measure progress toward the 2030 statewide goal outlined in SB 32. The targets, however, are an input to the development of the Integrated Resource Plans that are required of the State's utilities with over 700 GWh annual retail sales, which includes the City. See "—California Renewables Portfolio Standard" below.

The Global Warming Solutions Act established an annual mandatory reporting requirement for all investor-owned utilities ("IOUs"), POUs, and other load-serving entities (electric utilities providing energy to end-use customers) to inventory and report GHG emissions to CARB. It required CARB to adopt regulations for significant GHG emission sources and gave CARB the authority to enforce such regulations beginning in

2012. The City is complying with the applicable reporting requirements under the Global Warming Solutions Act.

In September 2022, Governor Newsom signed into law Assembly Bill 1279 ("AB 1279"), which became effective on January 1, 2023, and established additional GHG emission reduction goals. AB 1279 declares the policy of the State both to achieve net-zero GHG emissions as soon as possible, but no later than 2045, and achieve and maintain net negative GHG emissions thereafter, and to ensure that by 2045, Statewide anthropogenic GHG emissions are reduced to at least 85% below the 1990 levels. Under AB 1279, "net zero GHG emissions" means emissions of GHGs to the atmosphere are balanced by removals of GHG emissions over a period of time. The bill directs CARB to ensure that its scoping plan identifies and recommends measures to achieve these policy goals. The State Legislative Analyst's Office is required to conduct an independent assessment of progress toward the bill's objectives every two years and to make its findings available to the public.

In September 2022, Senate Bill 1020 ("SB 1020"), the Clean Energy, Jobs, and Affordability Act of 2022, was signed into law. Under SB 100, it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045. SB 1020 revised the state policy to provide that eligible renewable energy resources and zero-carbon resources supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, 95% of by December 31, 2040, 100% by December 31, 2045, and 100% of electricity procured to serve all state agencies by December 31, 2035, as specified.

Cap-and-Trade Regulations. CARB has implemented the Global Warming Solutions Act through a series of regulations (collectively referred to as the "Cap-and-Trade Regulations") that imposed declining aggregate emissions limitations on entities in California that meet minimum reporting thresholds. The Cap-and-Trade Regulations require all regulated entities, including the City, to report annual GHG emissions and to obtain and submit to CARB compliance instruments (allowances and/or offsets) that represent GHG emissions related to its industrial processes within the State. For electric utilities, this includes generation and GHG emissions associated with imported electricity from out-of-state resources. Like other electric utilities, the City receives an administrative allocation of allowances for compliance. Entities that emit GHGs at levels above those for which they receive administrative allocations, if any, must purchase the additional allowances they require at quarterly CARB auctions or from other covered entities with surplus allowances.

In July 2017, then-Governor Brown signed into law Assembly Bill 398 ("AB 398"), extending the Cap-and-Trade Regulations from 2021 to 2030. The bill passed both chambers with a 2/3 supermajority vote, which protects the legislation from certain legal challenges. Under AB 398, CARB was directed to address the following: establish a price ceiling, offer non-tradeable allowances at two price containment points below the price ceiling, transfer current vintages unsold for more than 24 months to the allowance price containment reserve, evaluate and address allowance over-allocation concerns, set industry assistance factors for allowance allocation, and establish allowance banking rules. Under AB 398, CARB was directed to include cost containment provisions to keep allowance prices from rising too high and pushing business expansion outside of the state (referred to as "leakage"). AB 398 was passed in conjunction with AB 617, which strengthens the monitoring of criteria air pollutants and toxic air contaminants in local communities. Amendments to the Cap-and-Trade Regulations to reflect the requirements of AB 398 were adopted by CARB and went into effect on April 1, 2019.

In September 2025, AB 1207 was signed into law. AB 1207 reauthorizes and extends California's cap-and-trade program from 2030 to 2045 (which program is to be now referred to as the California Cap-and-Invest Program pursuant to the provisions of AB 1207).

At this time, the City is unable to predict the full impact of the Cap-and-Trade Regulations over the long-term on the Electric System, on the electric utility industry generally, or whether any additional changes to the adopted program will be made. Since the advent of the cap-and-trade program in 2012, regulations by CARB have provided the electric sector, including the City on behalf of its ratepayers, with sufficient allocated GHG allowances or credits to cover existing operations in meeting retail load obligations. The City may bank allocated allowances in its compliance account to satisfy a portion of its ongoing compliance obligations. The City can buy or sell allowances in the quarterly auctions or on the bilateral market to meet its additional compliance obligations. Currently, the City is sufficiently positioned for compliance.

CARB is in the process of developing amendments to the Cap-and-Trade Regulations. The scope of the potential amendments under consideration by CARB includes, among other things, using an updated integrated energy forecast to adjust (reduce) allowance allocations through 2030, reducing the total number of budgeted allowances starting in 2026, and requiring POUs to consign all allocated allowances to auction (similar to investor-owned utilities). The City and other California electric utilities could be affected to differing degrees depending on their energy and capacity portfolios in the future if the utility's GHG emissions exceed its allocated allowances, which would require additional compliance instruments to be purchased from the market to meet retail load compliance obligations. While CARB had previously indicated that it expected to make the formal rulemaking proposal available for public comment in early 2025, with the amendments anticipated to take effect starting in 2026, on September 19, 2025, CARB released a notice indicating that it would begin updating the regulations to reflect the direction and process provided for in AB 1207 in accordance with the formal rulemaking process. The City is monitoring developments in connection with this proposed rulemaking. As the direction CARB will take and the extent of the regulatory changes remain uncertain, the potential financial impact on the Electric System is not yet known.

GHG Emissions Performance Standard and Financial Commitment Limits. Senate Bill 1368 ("SB 1368") became effective as law on January 1, 2007. SB 1368 provided for an emission performance standard ("EPS") restricting new investments in baseload electric generating resources exceeding a specified rate of GHG emissions. SB 1368 allows the CEC to establish a regulatory framework to enforce the EPS for POUs. Pursuant to SB 1368, the CEC adopted a GHG EPS for electric generating facilities of 1,100 pounds of CO2 per MWh for "covered procurements" by POUs. SB 1368 also prohibits POUs from making any "long-term financial commitment" in connection with "baseload generation" that does not satisfy the EPS. Generally, a "long-term financial commitment" is any new or renewed power purchase agreement with a term of five years or more, the purchase of an interest in a new power plant, or any investment (other than routine maintenance) in an existing power plant that extends the life of the plant by more than five years or results in an increase in its rated capacity. "Baseload generation" means a power plant that is intended to operate at an annualized capacity factor of 60% or more.

As modified, the EPS regulations require a POU to post a public meeting notice at which its governing board will consider any expenditure over $2.5 million to meet environmental regulatory requirements at a non-EPS-compliant baseload facility. In addition, each POU is required to file an annual notice identifying all investments over $2.5 million that it anticipates making during the subsequent 12 months on non-EPS-compliant baseload facilities to comply with environmental regulatory requirements. This requirement is waived for any POU that has entered into a binding agreement to divest within five years of all baseload facilities exceeding the EPS. CEC staff has confirmed that the $2.5 million threshold applies to an individual investment by each utility, and not the combined investment of all participants in a project.

Any future procurement or investment by the City in a baseload generating resource of greater than 10 MW or with a term of five years or more (or extending the life of an existing plant by more than five years) will be subject to the requirements of SB 1368.

Energy Procurement and Efficiency Reporting. Senate Bill 1037 ("SB 1037") was signed into law by then-Governor Schwarzenegger in September 2005. It requires that each POU, including the City, first acquire all available energy efficiency, demand reduction, and renewable resources that are cost-effective, reliable, and feasible prior to procuring new energy generation resources. SB 1037 also requires each POU to report annually to its customers and to the CEC its investment in energy efficiency and demand reduction programs. The City is complying with these ongoing reporting requirements.

Further, Assembly Bill 2021 ("AB 2021"), signed into law by then-Governor Schwarzenegger in September 2006, requires that POUs establish, report, and explain the basis of the annual energy efficiency and demand reduction targets by June 1, 2007, and every three years thereafter for a ten-year horizon. A subsequent amendment, Assembly Bill 2227, extended the reporting timeframe from three to four years. The City is complying with these ongoing reporting requirements. The information obtained from the POUs is being used by the CEC to present progress made by the State to double energy efficiency savings in electricity and natural gas final end uses by 2030, to the extent doing so is cost-effective, feasible, and does not adversely impact public health and safety, as prescribed in SB 350.

California Renewables Portfolio Standard. California's Legislature and executive branch have been active in promoting increasingly stringent renewable energy procurement requirements since 2002. Early efforts established a renewables portfolio standard (RPS) of 20% of renewable electricity generation by 2017. Since then, both legislative and executive branch initiatives have raised that standard in multiple phases.

SBX1-2, the California Renewable Energy Resources Act, was signed into law by then-Governor Brown in April 2011. SBX1-2 required each POU to adopt and implement a renewable energy resource procurement plan and establish targets for specified compliance periods for the procurement of at least the following amounts of electricity products from eligible renewable energy resources (which could include RECs) as a proportion of total kilowatt hours sold to the utility's retail end-use customers: (i) over the 2011-2013 compliance period, an average of 20% of retail sales from January 1, 2011 to December 31, 2013, inclusive; (ii) over the 2014-2016 compliance period, a total equal to 20% of 2014 retail sales, 20% of 2015 retail sales, and 25% of 2016 retail sales; (iii) over the 2017-2020 compliance period, a total equal to 27% of 2017 retail sales, 29% of 2018 retail sales, 31% of 2019 retail sales, and 33% of 2020 retail sales; and (iv) for 2021 and each subsequent year, 33% of retail sales for the applicable year. The governing boards of POUs are responsible for implementing the requirements of SBX1-2, rather than the CPUC, as is the case for the IOUs. In addition, the CEC was given certain enforcement authority for POUs and CARB was given the authority to set penalties. The CEC developed detailed rules to implement SBX1-2, and has adopted regulations for the enforcement of the RPS program requirements for POUs, which regulations have been subsequently amended from time to time.

SB 350, the Clean Energy and Pollution Reduction Act of 2015, as enacted, establishes an RPS target of 50% by December 31, 2030, for the amount of electricity generated and sold to retail customers from eligible renewable energy resources for retail sellers and POUs, including interim targets of (i) 40% of retail sales from eligible renewable energy resources by December 31, 2024; (ii) 45% of retail sales from eligible renewable energy resources by December 31, 2027; and (iii) 50% of retail sales from eligible renewable energy resources by December 31, 2030.

SB 100, signed into law in 2018, supersedes and builds upon the goals of SB 350 by raising the RPS target to 60% by December 31, 2030, and establishes a new policy that all electricity in California be carbon-free by 2045. This policy effectively accelerates and expands the renewable energy targets, requiring retail sellers and POUs to achieve 60% by December 31, 2030. The passage of SB 100 significantly increases the compliance requirements under the RPS and reinforces the long-term commitment to achieving a carbon-free electricity grid statewide.

SB 350 requires each retail seller of electricity (including IOUs, most POUs above a certain size threshold, community choice aggregators, and energy service providers) to provide a renewable energy procurement plan on an annual basis, and all POUs with demand greater than 700 gigawatt hours to develop an integrated resource plan ("IRP") at least once every five years, commencing no later than January 1, 2019. The City is subject to this requirement. As required in the statute, all IRPs are to be submitted to the CEC, including information outlined in the CEC's POU IRP Guidelines. The City filed its first IRP with the CEC in April 2019.

In accordance with SB 350, the City's 2024 IRP was approved by the City Council in November 2023 and filed with the CEC by April 30, 2024.

In December 2020, the CEC adopted regulations to update its RPS enforcement procedures for POUs, including to update regulations amended by both SB 350 and SB 100, among other enacted bills. This includes implementing a provision relating to the long-term procurement of renewable resources which requires, beginning January 1, 2021, that at least 65% of renewable procurement must be for a duration of 10 years or more. The regulations implement the new RPS procurement requirements for the compliance periods between 2021 and 2030, establish soft procurement targets for the intervening years of the compliance periods to demonstrate reasonable progress in meeting the RPS procurement target for the compliance periods, and establish three-year compliance periods beginning after 2030. The regulations also define requirements for 10-year procurement contracts for purposes of satisfying the long-term procurement requirement.

Senate Bill 1020 ("SB 1020"), the Clean Energy, Jobs, and Affordability Act of 2022, was signed into law by Governor Newsom in September 2022 and became effective on January 1, 2023. SB 1020 revises SB 100's State policy on eligible renewable energy resources and zero-carbon resources supply, and establishes that it is the policy of the State that eligible renewable energy resources and zero-carbon resources supply (i) 90% of all retail sales of electricity to California end-use customers by December 31, 2035, (ii) 95% of all retail sales of electricity to California end-use customers by December 31, 2040, (iii) 100% of all retail sales of electricity to California end-use customers by December 31, 2045, and (iv) 100% of electricity procured to serve all state agencies by December 31, 2035.

Legislation Relating to Wildfires; Related Risks. Senate Bill 1028 ("SB 1028") was signed into law by then-Governor Brown in September 2016. SB 1028 requires that each POU and each electric cooperative in the State construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. SB 1028 required the governing board of each POU to determine, based on historical fire data and local conditions, and in consultation with the fire departments or other entities responsible for the control of wildfires within the geographical area where the utility's overhead electrical lines and equipment are located, whether any portion of that geographical area has a significant risk of wildfire resulting from those electrical lines and equipment, and if so, to present for its governing board approval wildfire mitigation measures the utility intends to undertake to minimize the risk of its overhead electrical lines and equipment causing a catastrophic wildfire.

SB 901 was signed into law by then-Governor Brown in September 2018. SB 901 amends certain provisions of SB 1028 requiring POUs and electric cooperatives to prepare wildfire mitigation measures if the utilities' overhead electrical lines and equipment are located in an area that has a significant risk of wildfire resulting from those electrical lines and equipment. Under SB 901, each POU or electric cooperative is required to prepare a wildfire mitigation plan annually (initially, beginning by January 1, 2020). SB 901 requires the POU or electric cooperative to contract with a qualified independent evaluator with experience in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of its wildfire mitigation plan. The report of the independent evaluator is to be made available to the public and to be presented at a public meeting of the POU's governing board.

Assembly Bill 1054 ("AB 1054") was signed into law by Governor Newsom in July 2019. AB 1054 expands on the existing requirements for POUs established under SB 901 for wildfire mitigation plans. AB 1054 requires each POU, by July 1 of each year, to submit its wildfire mitigation plan to the then-newly created California Wildfire Safety Advisory Board (the "Wildfire Advisory Board") for review and comment. Under AB 1054, the Wildfire Advisory Board is required to provide comments and an advisory opinion to each POU regarding the content and sufficiency of its plan and to make recommendations on the mitigation of wildfire risks. AB 1054 requires each POU to comprehensively revise its wildfire mitigation plan at least once every three years. SB 254, signed into law by Governor Newsom in September 2025 amends the provisions of AB 1054 to provide that, after January 1, 2026, POUs will instead be required to prepare and submit to the Wildfire Advisory Board wildfire mitigation plans at least once every four years on a schedule to be determined by the

Wildfire Advisory Board. The City has prepared and submitted wildfire mitigation plans in accordance with the provisions of SB 901 and AB 1054 as required. The City prepares a comprehensive wildfire mitigation plan, with an independent evaluator review, every three years. The City prepares a status report on such plan annually which is provided to the City Council and submitted to the Wildfire Advisory Board. The City's most recent annual wildfire mitigation status report for 2025 was prepared in May 2025 and submitted to the Wildfire Advisory Board. The City's next wildfire mitigation plan will be due in October 2028.

AB 1054 established a Wildfire Fund for IOUs to facilitate payment of eligible, uninsured third-party damage claims resulting from future catastrophic wildfires. Participation in the Wildfire Fund is exclusive to IOUs. Each of the major IOUs in California are now participating in the in the Wildfire Fund. Additional future funding for the Wildfire Fund has been provided for under the provisions of SB 254. POUs, such as the City, are not eligible to participate in or receive funding for wildfire claims from the Wildfire Fund.

A number of significant wildfires have occurred in California during the last several years. Under the doctrine of inverse condemnation (a legal concept that entitles property owners to just compensation if their private property is damaged by a public use), California courts have imposed liability on utilities in legal actions brought by property holders for damages, where the inherent risks in the utility's infrastructure, as deliberately designed, constructed or maintained, are determined to be a substantial cause of damage to the property. Thus, if the inherent risks associated with the facilities of a utility, such as its electric distribution and transmission lines, are determined to be the substantial cause of the plaintiff's damages, and the doctrine of inverse condemnation applies, the utility could be liable without having been found negligent. SB 1028, SB 901 and AB 1054 do not alter the existing legal doctrine relating to utilities' liability for wildfires. SB 254 requires the California Earthquake Authority, as administrator of the wildfire fund established pursuant to AB 1054, to, on or before April 1, 2026, in consultation with the CPUC and other specified departments and agencies of the State, and with feedback solicited from stakeholders, prepare and submit to the Legislature, and to the Governor, a report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, including catastrophic wildfires, earthquakes, and other natural disasters, across stakeholders, including insurers, communities, homeowners, landowners, governments, electrical corporations, and POUs to complement or replace the fund. How any future legislation or judicial decisions address California's inverse condemnation doctrine, and liability issues for utilities in the context of wildfires in particular, could be significant for the electric utility industry, including the City.

Changing Laws and Requirements Generally

Electric utilities are subject to continuing environmental regulation. Federal, State and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. In addition, the election of new administrations, including the President of the United States, could impact substantially the current environmental standards and regulations and other matters described herein. In light of the changing regulatory requirements and standards for electric utilities, there is no assurance that any facilities or projects of the City will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in, for example, additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. Increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

In addition, on both the federal and State levels, legislation is introduced frequently addressing domestic energy policies and various environmental matters and impacts relating to energy, including the generation of energy using conventional and unconventional technologies. Issues raised in legislative proposals in recent years have included implementation of energy efficiency and renewable energy standards, addressing transmission planning, siting and cost allocation to support the construction of renewable energy facilities, cybersecurity legislation, climate change and the reduction or elimination of net carbon dioxide emission attributable to the electric grid and financial incentives that could provide grants and credits to municipal utilities to invest in renewable energy infrastructure. Congress has also considered other bills relating to energy supplies and development (such as expedited permitting for natural gas drilling projects, reducing regulatory burdens, climate change and water quality). The City is unable to predict at this time whether any of these or other legislative proposals will be enacted into law or what the impact of any such proposals that may ultimately be enacted will be.

General Economic Conditions

The City's costs are affected by numerous factors, many of which are economic variables that are beyond its control. Some of the factors in recent years include inflation, supply chain disruptions and delays, labor shortages and rising labor costs, and rising interest rates. More specifically, the rate of inflation increased during certain periods of recent years, increasing the price of fuel and commodities integral to Electric System operations. In response to rising inflation, the United States Federal Reserve increased interest rates a number of times from 2022 to 2023, which would be expected to result in an increase to the City's costs of capital so long as inflationary pressures continue. These factors may be further exacerbated by rising labor costs in the United States and global economic and geopolitical crises. Retail energy sales and aggregate levels of energy use can also be affected by general economic conditions. The economy may be impacted (directly or indirectly) by, among other things, fluctuations in business production, consumer prices, or financial markets, unemployment rates, technological advancements, shortages or surpluses in natural resources, climate change and other environmental matters, changes in law (including the enforcement thereof), changes in federal or state policies (including policies with respect to trade, appropriations, immigration, regulation and energy) and funding priorities, and natural disasters. The occurrence of global, national and/or regional events and changes in general economic conditions on a local, state, and/or national level and their potential impacts are difficult to predict but could negatively impact the Electric System's operations and finances and/or the economy of its service area. See APPENDIX A—" ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF MORENO VALLEY" for general demographic and economic information regarding the City's service area.

Tariff Uncertainty

Recent changes in federal and international trade policies, including the imposition or adjustment of tariffs on materials such as steel, solar panels, batteries and other building materials and energy-related equipment, have introduced uncertainty into the pricing and availability of key components used in the City's operations and capital projects. While the City monitors these developments, the future impacts of tariff-related volatility on the City's costs, procurement schedules, and project economics are uncertain and could be material.

Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. Such factors (a number of which are further discussed elsewhere in the this Official Statement) include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above; (b) changes resulting from conservation and demand-side management programs on the timing and use of electric energy; (c) effects on the integration and reliability of power supply from the increased usage of renewables; (d) changes resulting from a national energy policy; (e) effects of competition from other electric utilities (including increased competition resulting from a movement to allow direct access or expanded community choice aggregation or from mergers, acquisitions, and "strategic alliances" of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low-cost electricity; (f) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many IOUs;

(g) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (h) "self-generation" or "distributed generation" (such as microturbines, fuel cells and solar installations) by industrial and commercial customers and others; (i) issues relating to the ability to issue tax-exempt obligations, including restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with outstanding tax-exempt obligations; (j) wildfires and potential liabilities of electric utilities in connection therewith; (k) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (l) changes from projected future load requirements; (m) increases in costs and uncertain availability of capital; (n) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (o) changes in the electric market structure for neighboring electric grids, such as the energy imbalance market operated by the CAISO; (p) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the past in California; (q) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity; (r) other legislative changes, voter initiatives, referenda and statewide propositions; (s) effects of the changes in the economy, population and demand of customers within a utility's service area; (t) effects of possible manipulation of the electric markets; (u) acts of terrorism or cyber-terrorism impacting a utility and/or significant load customers; (v) impacts of a pandemic or the outbreak of another infectious disease impacting the global, national or local economy or a utility's service area; or (w) effects of and regulatory responses to climate change; (x) natural disasters or other physical calamities, including, but not limited to, wildfires, earthquakes, droughts, severe weather and floods; and (y) adverse impacts to the market for insurance relating to wildfires and other calamities, leading to higher costs or prohibitively expensive coverage, or limited or unavailability of coverage for certain types of risk. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including the Electric System, and likely will affect individual utilities in different ways.

RISK FACTORS

The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2026A Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other considerations that may be relevant to making an investment decision with respect to the 2026A Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal of or interest on the 2026A Bonds.

The 2026A Bonds Are Limited Obligations

The 2026A Bonds are limited obligations of the Authority, payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts 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 2026A Bonds. The Authority has no taxing power.

Pursuant to the Installment Purchase Agreement, the City is obligated to pay the Series 2026A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Net Electric System Revenues of the City and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Factors that can adversely affect the availability of Net Electric System Revenues include, among other matters, general and local economic conditions and changes in law and government regulations (including initiatives and moratoriums on certain types of electrical energy generation). The realization of future Net Electric System Revenues is also subject to, among other things, the capabilities of management of the City, the ability of the City to provide electric service to its customers, the ability of the City to establish, maintain and collect charges for electric service to its customers and the ability of the City to establish, maintain and collect rates and charges sufficient to make the Series 2026A Installment Payments.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the 2026A Bonds and the Trustee, and the obligation of the City to make the Series 2026A Installment Payments, may be subject to the following: the limitations on legal remedies against cities in California; 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; principles of equity 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 Constitution of the United States; 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 serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2026A Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitations or modification of their rights. Remedies may be limited because the Electric System serves an essential public purpose.

Electric System Expenses and Collections

The Electric System's facilities, timely payment of the Series 2026A Installment Payments and the financial condition of the Electric System are dependent, in part, upon the payment by customers of the amounts billed to such customers for the energy that they receive. There are multiple factors that might result in increased overall rates charged to such customers and, as a result, potentially have an adverse effect on collections. Many of these factors are not under the influence or control of the City or are factors over which the City has only limited influence or control. These factors include, but are not limited to, the following factors:

Changes in General Economic Conditions. Significant changes in general economic conditions may be caused by, among other things, pandemics, fluctuating business cycles, weather patterns (such as droughts) or the occurrence of natural disasters (such as earthquakes or floods). In addition, a slowdown in the State's economy could result from a declining real estate market. Such factors could lead to significant reductions in retail energy sales, resulting in increased retail rates for electric energy to offset reduced revenues.

Energy Market-Driven Increases in Wholesale Power Costs. Wholesale power costs are affected by a number of factors, including, but not limited to, weather, fuel supplies and transmission, transmission systems operations and capacity (including import capability) and generation capacity. Natural gas pipeline transmission interruptions (due to seismic or other environmental events, accidents or intentional acts such as sabotage and attempted destruction of power generation and transmission facilities, as discussed under the caption "—Security of the Electric System" below) could result in higher natural gas prices and substantial increases in gas-fired electric generating facility operating costs. Due to the City's ownership interest or participation in joint generation projects and long-term power contracts, it has minimal reliance on the volatile natural gas and spot market pricing impacts.

Market Manipulation. The CAISO, with approval from FERC, has adopted tariffs, protocols and regulations governing the conduct of energy suppliers and other entities whose activities affect the transmission system. CAISO tariffs, protocols and regulations are intended, among other things, to prevent manipulation of the CAISO's transmission system. The CAISO monitors the activities of transmission system participants, but manipulative behavior could occur, possibly resulting in higher or substantially higher costs. This risk is somewhat mitigated by the City's construction and acquisition of additional generating capacity and the City's risk management activities.

Impact of These Factors. The factors discussed above (and other factors) might result in increased rates while the 2026A Bonds remain outstanding. If one or a combination of such factors lead to increased retail rates for electric energy, such increases could lead to increased delinquencies and non-payments by customers. See the caption "THE ELECTRIC SYSTEM—Uncollectible Accounts" for a discussion of uncollectible accounts.

There can be no assurance that the City's expenses for the Electric System will remain at the levels described in this Official Statement. Also, increases in fuel and energy costs, new environmental regulations or other expenses could reduce the Net Electric System Revenues and could require substantial increases in rates or charges. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand for electric services.

Although the City has covenanted to prescribe, revise and collect rates and charges for the Electric System at certain levels, there can be no assurance that such amounts will be collected in the amounts and at the times necessary to make timely payments with respect to the 2026A Bonds. See the caption "SECURITY FOR THE 2026A BONDS—Rate Covenant Securing the Series 2026A Installment Payments."

Rate Regulation

The authority of the City to impose and collect rates and charges for electricity that it sells and delivers is not currently subject to the regulatory jurisdiction of the CPUC, and presently no other regulatory authority of the State limits or restricts such rates and charges. It is possible that future legislative changes could subject the rates or service areas of the City to the jurisdiction of regulatory bodies or to other limitations or requirements.

Casualty Risk

Any natural disaster or other physical calamity, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, may have the effect of reducing Net Electric System Revenues by causing damage to the Electric System or adversely affecting the economy of the surrounding area. The Installment Purchase Agreement requires the City to maintain insurance on the Electric System, but only if and to the extent available from responsible insurers at reasonable rates. In the event of material damage to Electric System facilities, there can be no assurance that insurance proceeds will be adequate to repair or replace such facilities or that specific losses will be covered by insurance. The City does not currently maintain and it has not committed to maintain earthquake or flood insurance on the Electric System's facilities.

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 an earthquake 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 may have the effect of reducing Net Electric System Revenues by causing damage to the Electric System or adversely affecting the economy of the surrounding area.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest on the 2026A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the 2026A Bonds, as a result of acts or omissions of the Authority or the City in violation of their covenants in the Indenture, the Installment Purchase Agreement and the Tax Certificate for the 2026A Bonds. Should such an event of taxability occur, the 2026A 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.

Parity Obligations

The Installment Purchase Agreement permits the City to issue and incur additional parity Contracts and Bonds payable from Net Electric System Revenues on a parity with the Series 2026A Installment Payments, subject to the terms and conditions set forth therein. The issuance and incurrence of additional parity Contracts and Bonds could result in reduced Net Electric System Revenues available to the Series 2026A Installment Payments. The City has covenanted to maintain coverage of debt service on the Series 2026A Installment Payments and any additional parity Contracts and Bonds as further described under the caption "SECURITY FOR THE 2026A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations."

Limited Recourse on Default

If the City defaults on its obligation to make the Series 2026A Installment Payments, Bondholders have the right to declare the total unpaid principal amount of the Series 2026A Installment Payments and the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the City will have sufficient funds to pay such accelerated amounts from Net Electric System Revenues.

Rate Covenant Not a Guarantee

The City's ability to make the Series 2026 Installment Payments depends on its ability to generate Net Electric System Revenues at the levels required by the Installment Purchase Agreement. Although the City has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption "SECURITY FOR THE 2026A BONDS—Rate Covenant Securing the Series 2026A Installment Payments," and although the City expects that sufficient Electric System Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Electric System Revenues in amounts that are sufficient to make the Series 2026A Installment Payments.

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. The City Council most recently re-adopted the CAP in April 2026..

Security of the Electric System

The City maintains the security of the Electric System through a robust physical security program to protect its critical facilities and infrastructure, particularly substations, through a layered defense approach. Access to substations is restricted through secure key-card entry systems, ensuring only authorized personnel can enter, while non-transparent perimeter fencing and controlled gates provide an additional barrier against unauthorized visibility and access. Facilities are continuously monitored through a network of perimeter and interior security cameras equipped with advanced object and person detection capabilities, complemented by motion and intrusion alarm systems to quickly identify and respond to potential threats. In alignment with NERC CIP-005 requirements, the City is actively enhancing its physical security controls and access management practices to meet regulatory compliance standards. Additionally, routine staff inspections are conducted to verify system integrity, identify vulnerabilities, and ensure all security measures remain fully operational and effective.

In recent years, acts of sabotage and attempts to destroy power generation and transmission facilities have occurred throughout the United States, in particular in the Pacific Northwest and in certain Eastern Seaboard states. To date, there have been no such attacks on the Electric System facilities. In addition, military conflicts and terrorist activities may adversely impact the operations and finances of the Electric System. The City continually plans and prepares for emergency situations and immediately responds to ensure that electric services are maintained. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that terrorist activities are directed against the Electric System or that costs of security measures will not be greater than presently anticipated. Further, damage to certain components of the Electric System could require the City to increase expenditures for repairs to the Electric System significantly enough to adversely impact the City's ability to make the Series 2026A Installment Payments.

Cyber Security

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 OF MORENO VALLEY—Risk Management."

See also the caption "FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY—Federal Policy on Cyber Security."

Secondary Market

There can be no guarantee that there will be a secondary market for the 2026A Bonds or, if a secondary market exists, that any 2026A Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Risks Associated with Bond Insurance

In the event that the Authority defaults in the payment of principal of or interest on the 2026A Bonds as a result of the failure of the City to make the Series 2026A Installment Payments when due, the Owners of the 2026A 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 2026A Bonds, no assurance can be given that such event will not adversely affect the market for the 2026A Bonds. In the event that the Insurer is unable to make payment of principal of and interest on the 2026A Bonds when due under the Policy, the 2026A Bonds will be payable solely from Authority Revenues, consisting primarily of Series 2026A Installment Payments, and from certain other amounts on deposit in funds and accounts under the Indenture, as described under the caption "SECURITY FOR THE 2026A BONDS."

The Insurer will have the ability to direct the actions of the Trustee and give consents and waivers and take other actions without regard to the views of the owners of the 2026A Bonds. As a result, Owners of the 2026A 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 2026A Bonds.

The long-term rating on the 2026A 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 2026A 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 2026A Bonds, potential investors should carefully consider the ability of the City to make the Series 2026A Installment Payments, which secure the 2026A Bonds, assuming that the Policy is not available for that purpose, and the claims-paying ability of the Insurer through final maturity of the 2026A 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 LIMITATIONS

Articles XIIIC and XIIID of the State Constitution

Proposition 218, a State ballot initiative known as the "Right to Vote on Taxes Act," was approved by the voters of the State on November 5, 1996. Proposition 218 added Articles XIIIC and XIIID to the State Constitution. Article XIIID creates additional requirements for the imposition by most local governments (including the City) of general taxes, special taxes, assessments and "property-related" fees and charges. Property-related fees include many utility charges such as water rates, but Article XIIID explicitly exempts fees for the provision of electric service from its provisions. Nevertheless, Proposition 218 could indirectly affect some municipally-owned electric utilities. For example, to the extent that Proposition 218 reduces a city's general fund revenues, that city could seek to increase the transfers from its electric utility to its general fund.

Article XIIIC expressly extends the people's initiative power to reduce or repeal previously-authorized local taxes, assessments and fees and charges. The terms "fees and charges" are not defined in Article XIIIC, although the State Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006), that the initiative power described in Article XIIIC may apply to a broader category of fees and charges than the property-related fees and charges governed by Article XIIID. Moreover, in the case of *Bock v. City Council of Lompoc*, 109 Cal.App.3d 52 (1980), the California Court of Appeal, Second District, determined that electric rates are subject to the initiative power. Thus, even electric service charges (which are expressly exempted from the provisions of Article XIIID) might be subject to the initiative provisions of Article XIIIC, thereby subjecting such fees and charges imposed by the City to reduction by the electorate. The City believes that even if the electric rates of the City are subject to the initiative power, under Article XIIIC or otherwise, the electorate of the City would be precluded from reducing electric rates and charges in a manner that adversely affects the payment of the Series 2026A Installment Payments by virtue of the "impairment of contracts clause" of the United States and State Constitutions.

Proposition 26

Proposition 26 was approved by the voters of the State on November 2, 2010. Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution to impose a two-thirds voter approval requirement for the imposition of certain fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes and a two-thirds voter approval requirement with respect to fees and charges for special purposes. The initiative, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures, such as Proposition 218, through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope "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." The City believes that the initiative is not intended to and would not apply to Electric System rates so long as such rates do not exceed the reasonable costs to the City of providing electric service; however, the City is unable to predict how Proposition 26 will be interpreted by the courts to apply to the provision of utility services by local governments such as the electric service provided by the Electric System.

In *Citizens for Fair REU Rates v. City of Redding*, the California Court of Appeal, Third District, held in 2015 that a municipal utility's recurring budget transfer from its electric utility fund to its general fund, referred to therein as a payment in lieu of taxes, constitutes a tax under Proposition 26 unless it can be shown that the transferred amount reflects the reasonable costs borne by the City to provide governmental services to the electric utility. The City of Redding appealed the decision to the State Supreme Court, which reversed the judgment of the Court of Appeal on August 27, 2018. The State Supreme Court determined that the budgetary transfer from the City of Redding electric utility to its general fund is not the type of exaction that is subject to Article XIIIC of the State Constitution. The State Supreme Court reasoned that it is only the City of Redding electric utility rate, not the payment in lieu of taxes, that is imposed on customers for electric service. The State Supreme Court concluded that because the total rate revenue of the electric utility was insufficient to cover the electric utility's uncontested operating expenses (other than the payment to the General Fund) in the years at issue, the challenged rate did not exceed the reasonable costs of providing electric service, and therefore did not constitute a tax.

Future Initiatives

Articles XIIIC and XIIID limited the ability of governmental agencies to increase certain fees and charges. Such articles were adopted pursuant to measures which qualified for the ballot pursuant to the State's Constitutional initiative process. While the City believes that Articles XIIIC and XIIID do not affect the Electric

System's rates and charges so long as the rates do not exceed the reasonable costs to the City of providing the utility services, from time to time other initiative measures could be adopted by State voters. The adoption of any such initiatives might place limitations on the ability of the City and the Electric System to increase revenues.

CERTAIN LEGAL MATTERS

The validity of the 2026A 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 C 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 2026A Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the 2026A 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 2026A Bonds.

LITIGATION

The Authority

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2026A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the 2026A Bonds or any action of the Authority contemplated by any of said documents.

The City

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the City, threatened against the City affecting the existence of the City or the titles of its directors or officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2026A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the validity or enforceability of the 2026A Bonds, the Indenture or any action of the City contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the City or its authority with respect to the 2026A Bonds or any action of the City contemplated by any of said documents, nor to the knowledge of the City, is there any basis therefor.

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 2026A 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 2026A 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 2026A 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 2026A Bonds is based upon certain representations of fact and certifications made by the Authority, the City and others and is 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 2026A Bonds to assure that interest (and original issue discount) on the 2026A 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 2026A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026A Bonds. The Authority and the City have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2026A Bond (the first price at which a substantial amount of the 2026A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2026A 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 2026A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2026A 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 2026A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2026A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable 2026A Bond premium, which must be amortized under Section 171 of the Code; such amortizable 2026A Bond premium reduces the 2026A Bond Owner's basis in the applicable 2026A Bond (and the amount of tax-exempt interest received with respect to the 2026A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of 2026A Bond premium may result in a 2026A Bond Owner realizing a taxable gain when a 2026A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2026A Bond to the Owner. Purchasers of the 2026A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable 2026A Bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt 2026A Bond issues, including both random and targeted audits. It is possible that the 2026A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2026A Bonds might be affected as a result of such an audit of the 2026A 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 2026A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2026A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2026A 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 2026A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2026A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2026A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2026A 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 2026A 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 2026A 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 2026A 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 2026A 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 2026A Bonds is excluded from gross income for federal income tax purposes provided that the Authority and the City continue to comply with certain requirements of the Code, the ownership of the 2026A Bonds and the accrual or receipt of interest (and original issue discount) on the 2026A 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 2026A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2026A Bonds.

Should interest (and original issue discount) on the 2026A Bonds become includable in gross income for federal income tax purposes, the 2026A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

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

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the 2026A Bonds to provide annually certain financial information and operating data relating to the 2026A 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, 2026 and due March 31, 2027. 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).

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 also performs these duties for the land-secured financings involving the City's community facilities districts. Additionally the City has previously amended its debt management policy to include policies intended to ensure compliance with Rule 15c2-12.

MUNICIPAL ADVISOR

The City has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2026A Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the 2026A Bonds.

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.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned the 2026A Bonds the rating of "AA"(stable outlook) based upon the delivery of the Policy by the Insurer at the time of issuance of the 2026A Bonds. S&P has assigned the 2026A Bonds the underlying rating of "A-" notwithstanding the delivery of the Policy for the 2026A Bonds.

There is no assurance that any credit rating given to the 2026A Bonds will be maintained for any period of time or that a rating may not be lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2026A Bonds. Such ratings reflect only the views of S&P, and an explanation of the significance of such ratings may be obtained from S&P. Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The City has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the 2026A Bonds with EMMA. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the 2026A Bonds may be publicly available from the rating agencies prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the 2026A Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the 2026A Bonds.

In providing a rating on the 2026A Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology, which may not reflect the provisions of the Indenture or the Installment Purchase Agreement. The City makes no representations as to any such calculations, and such calculations should not be construed as a representation by the City as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of debt service or for any other purpose.

None of the City, the Authority or the Underwriter makes any representation as to the Insurer's creditworthiness or any representation that the Insurer's credit rating will be maintained in the future. The rating agencies have previously taken action to downgrade the ratings of certain municipal bond insurers and have published various releases outlining the processes that they intend to follow in evaluating the ratings of financial guarantors. For some financial guarantors, the result of such evaluations could be a rating affirmation, a change in rating outlook, a review for downgrade or a downgrade. Potential investors are directed to the rating agencies for additional information on the applicable rating agencies' evaluations of the financial guaranty industry and individual financial guarantors, including the Insurer. See the caption "BOND INSURANCE" for further information relating to the Insurer.

UNDERWRITING

The 2026A Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter will purchase the 2026A Bonds from the Authority at an aggregate purchase price of $145,383,410.15 (representing the principal amount of the 2026A Bonds, plus original issue premium of $10,033,409.90 and less an Underwriter's discount of $604,999.75). The purchase agreement relating to the 2026A Bonds provides that the Underwriter will purchase all of the 2026A 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 2026A Bonds to certain dealers (including dealers depositing 2026A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

The Underwriter and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Underwriter and its affiliates may have provided, and may in the future provide, a variety of these services to the City and to persons and entities with relationships with the City, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, the Underwriter and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the City (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

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 Installment Purchase Agreement 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 2026A 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/ Brian Mohan
Executive Director

CITY OF MORENO VALLEY

By: /s/ Brian Mohan
City Manager

APPENDIX A

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF MORENO VALLEY

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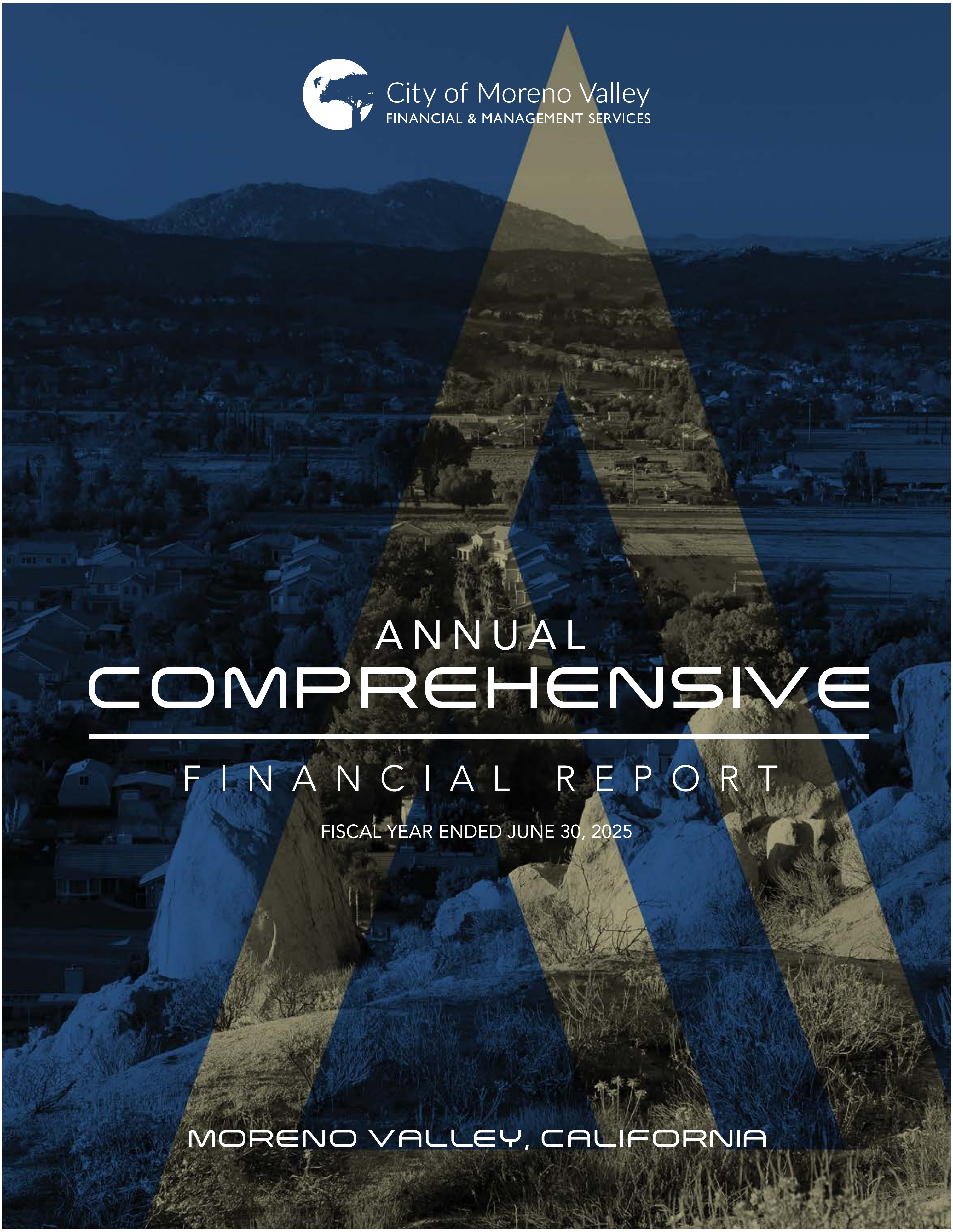

City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

MORENO VALLEY, CALIFORNIA

Prepared by the City of Moreno Valley Financial & Management Services Department

City of Moreno Valley, California

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2025

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City of Moreno Valley
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FISCAL YEAR ENDED JUNE 30, 2025

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

MORENO VALLEY, CALIFORNIA

December 5, 2025

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, 2025.

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

The City's financial statements have been audited by Rogers, Anderson, Malody & Scott, LLP, a firm of certified public accountants. The independent auditor concluded, based on their audit, that there was a reasonable basis for rendering unmodified opinions on the City's financial statements for the fiscal year ended June 30, 2025. 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.

www.moval.org/fms 951.413.3021 14177 Frederick St. Moreno Valley, CA 92553

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 51.68 square miles of land area in western Riverside County and with a population estimate of 210,823 continues to be the second largest city in Riverside County.

During the 2024/25 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 fund 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 special revenue funds can be found in the basic financial statements. 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 most meaningful when viewed within the broader context of the environment in which the City of Moreno Valley operates.

The City continues to lead in business development, now home to more than 4,500 businesses, including numerous Fortune 500 and international companies such as Amazon, Procter & Gamble, Skechers USA, Walgreens, Deckers Outdoor, ResMed, Costco Wholesale, Karma Automotive, Harbor Freight Tools, Aldi Foods, Gate City Beverage, Solaris Paper, and many others. Moreno Valley offers abundant, available, and affordable land for development, along with entitled projects and competitively priced lease spaces, all of which support continued growth well into the future.

Moreno Valley has experienced another year of notable economic activity, with the City continuing to see strong growth in commercial, medical, and industrial development, with new projects and construction activity increasing across all sectors. The employment environment in the City of Moreno Valley has expanded substantially over the past decade, with more than 35,000 jobs created in the last twelve years, according to the latest UC Riverside Jobs Report. Reflecting this job growth, average household income has risen to $109,091 in 2025, an increase of nearly 28% since 2020.

The City anticipates continued economic expansion, supported by the completion of 1 million square feet of industrial space in 2025. This is complemented by the previously approved World Logistics Center, which will be the largest industrial park in California, featuring 40.6 million square feet of development across 2,600 acres and projected to generate approximately 20,000 new jobs. The project is progressing through the development process, with construction underway on its first 1-million-square-foot facility.

This ongoing development has also strengthened the residential market, which experienced a 9.64% annual increase in average home values, now exceeding $580,000. As housing demand continues to rise, the City currently has more than 3,559 single-family units and over 5,056 multifamily units approved, entitled, or under construction.

On November 5, 2024, Moreno Valley residents approved Measure U, the Moreno Valley Essential Services Reauthorization Measure, authorizing a one-cent (1%) increase in the sales tax rate. Effective April 1, 2025, the sales and use tax rate rose from 7.75% to 8.75%, with the City now receiving 2% from the California Department of Tax and Fee Administration (CDTFA) for transactions occurring within Moreno Valley. This measure is expected to generate $30 million in additional revenue for the City in the years ahead.

The City of Moreno Valley also maintains a tax abatement agreement with a local business, which includes local hiring requirements designed to support employment opportunities within the community. However, due to restrictions under California law, the specific amount of sales tax abated cannot be disclosed. For additional details regarding this tax abatement, please refer to Note 10d.

Long-term financial planning: In May 2025, the City Council approved a two-year Operating Budget for fiscal years 2025/26 and 2026/27 that is balanced without relying on contingency reserve funds. The budget focuses resources on maintaining current service levels and supporting public safety. It reflects the City's continued investment in its future while upholding strong fiscal stewardship and conservative legal safeguards, qualities that have helped establish Moreno Valley as one of the most fiscally fit cities in the nation. Through diligent financial management, quarterly budget review meetings, and the ongoing development of Long-Range Business Projections, the City remains committed to financial stability and preserving a high quality of life for the community, even as state and federal policies may impact future funding. In June 2025, 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 cushion should the City need to use these resources to offset any State budget shortfalls. The Legislative Analyst's Office has indicated that the State's budget challenges are expected to continue through fiscal year 2027–28, and the economy remains complex and uncertain.

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 the 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.

Maintaining fiscal strength and a balanced budget in the years ahead will require continued vigilance and strategic planning. At the same time, the City remains committed to attracting and retaining local businesses to support economic growth. The City will continue to face fiscal pressures, including rising costs for essential public services such as contract law enforcement and fire protection, as well as new regulatory requirements that are costly to implement and often unfunded. At the same time, the City remains committed to reinvesting in upgrades to its aging infrastructure and advancing pension reform efforts, which generate millions of dollars in savings each year.

The City's continued success in navigating fiscal challenges reflects the City Council's strong commitment to managing resources prudently and maximizing public benefit. This commitment, supported by engaged managers at all levels and a collaborative partnership with our employees, will continue to position the City well in the coming fiscal years and beyond. At the same time, the City remains vigilant in monitoring federal, state, and local developments that could potentially impact its financial outlook.

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, 2024. This was the 27th 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 requirements, and I am submitting it to the GFOA to determine its eligibility for another certificate. The City also received its 10th consecutive award from the GFOA for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for the year ended June 30, 2024. 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 City's Adopted Budget document received the Distinguished Budget Presentation Award for 2024 and has also been fully balanced for 13 consecutive years. The budget showcases our conservative, responsible fiscal safeguards to ensure that resources are directed to meet Council priorities, while maintaining quality of life throughout our community, and living within our means. By accomplishing all three awards, the City has achieved what GFOA calls the "Triple Crown". The Triple Crown is the highest award possible for governmental financial reporting and budgeting and I am happy to announce we have received this honor the past six years.

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, Malody & Scott, LLP, for their assistance in preparing this important financial document.

Respectfully submitted,

Launa Jimenez

Launa Jimenez
Assistant City Manager (Administration)

City of Moreno Valley, California

MUNICIPAL OFFICIALS
June 30, 2025

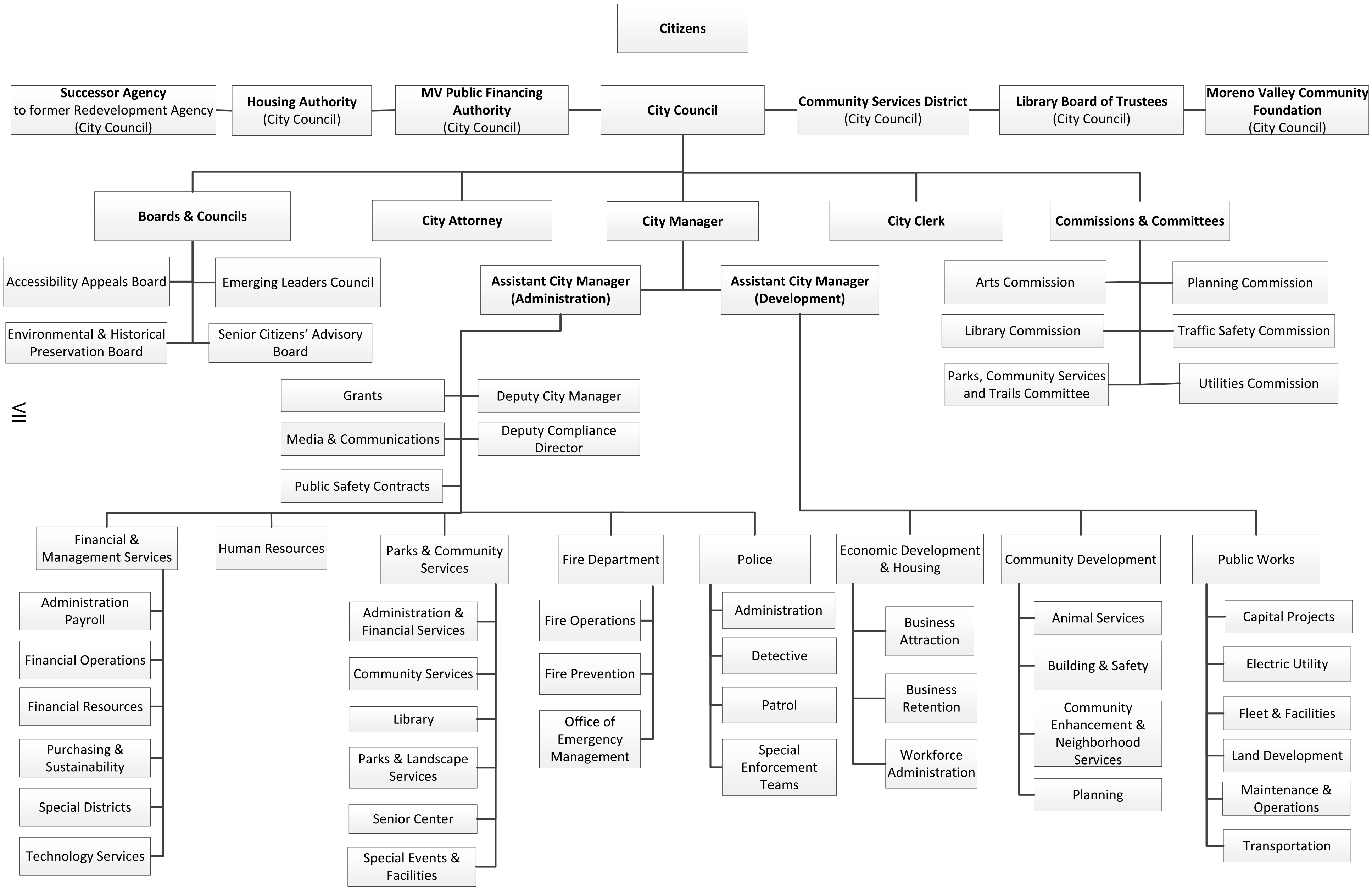
CITY COUNCIL

Ulises Cabrera	Mayor
Elena Baca-Santa Cruz, Mayor Pro Tem	District 1
Edward A. Delgado, Councilmember	District 2
Erlan Gonzalez, Councilmember	District 3
Cheylynda Barnard, Councilmember	District 4

EXECUTIVE OFFICERS

Brian Mohan	City Manager
Steve Quintanilla	City Attorney
Patty Rodriguez	City Clerk
Launa Jimenez	Assistant City Manager (Administration)
Sean Kelleher	Assistant City Manager (Development)
Dena Heald	Chief Financial Officer/City Treasurer
Angelica Frausto-Lupo	Community Development Director
Vacant	Economic Development Director
Jesse Park	Fire Chief
Robert Cardenas	Human Resources Director
Jeremy Bubnick	Parks & Community Services Director
Sarah Mack	Police Chief
Melissa Walker	Public Works Director/City Engineer

City of Moreno Valley Organization Chart



VII

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, 2024

Christopher P. Morrill

Executive Director/CEO

CITY OF MORENO VALLEY

DECEMBER 3, 1984

City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

Financial Section

FISCAL YEAR ENDED JUNE 30, 2025

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

MORENO VALLEY, CALIFORNIA

RAMS
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, 2025, 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, 2025, 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 *(Government Auditing Standards).* 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 described in Note 1 to the financial statements during the year ended June 30, 2025, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 102, *Certain Risk Disclosures.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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.

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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 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 the management's discussion and analysis and those tables as 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 GAAS, 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 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. Such 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. The 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 GAAS. 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 comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 December 5, 2025 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 City's 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
December 5, 2025

City of Moreno Valley, California

Management's Discussion and Analysis
For the Year Ended June 30, 2025

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, 2025. 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 $1.3 billion (net position) on June 30, 2025.
- In the Government-wide - Statement of Net Position: The City's total net position increased $28.5 million for fiscal year 2024-25 mainly due to the increase in current and other assets.
- In the Governmental Fund – Balance Sheet: The General Fund had an end of year fund balance of $114.4 million. The unassigned fund balance increased by $7.4 million, totaling $30.8 million. The fund balances for Operating Reserve Stabilization (Emergency Fund) and Economic Uncertainty Reserve (Rainy Day Fund) meet adequate reserve levels in compliance with City Council adopted policy.
- For business-type activities: Revenues exceeded expenses by $23.8 million, increasing the unrestricted net position to $76.2 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, and the Housing Authority. 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.

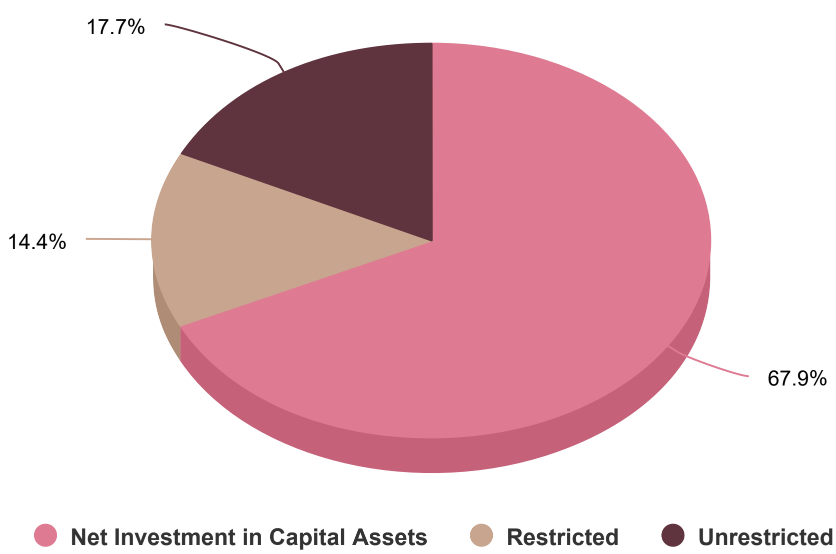
Financial Analysis of the Government-wide Statements

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, 2025. Comparative data from the fiscal year ended June 30, 2024 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, 2025 was $1.3 billion.

City of Moreno Valley's Net Position



City of Moreno Valley's Net Position

June 30, 2025
(continued)
($000's)

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Current and other assets	$ 470,374	$ 482,965	$ 74,663	$ 98,717	$ 545,037	$ 581,682
Capital assets	916,689	919,593	84,175	86,319	1,000,864	1,005,912
Other noncurrent assets	8,971	11,334	-	41	8,971	11,375
Total assets	1,396,034	1,413,892	158,838	185,077	1,554,872	1,598,969
Deferred outflows of resources	25,986	11,719	4,790	4,363	30,776	16,082
Current liabilities	66,170	71,269	7,410	10,914	73,580	82,183
Long-term liabilities	130,025	122,414	51,431	49,856	181,456	172,270
Total liabilities	196,195	193,683	58,841	60,770	255,036	254,453
Deferred inflows of resources	11,500	12,914	99	148	11,599	13,062
Net investment in capital assets	877,152	877,124	36,480	37,896	913,632	915,020
Restricted	188,796	180,184	12,052	14,380	200,848	194,564
Unrestricted	148,377	161,706	56,156	76,246	204,533	237,952
Total net position	$ 1,214,325	$ 1,219,014	$ 104,688	$ 128,522	$ 1,319,013	$ 1,347,536

Total net position of the City of Moreno Valley increased $28.5 million to $1.3 billion on June 30, 2025. The City's unrestricted net position increased $33.4 million to $238.0 million. Total assets and deferred outflows of resources increased by $29.4 million and total liabilities and deferred inflows of resources increased by $0.9 million.

The following analysis of governmental and business-type activities provides more detailed information for these changes:

Governmental Activities

Total assets increased by $17.9 million primarily due to an increase in restricted assets of $5.7 million and in pooled cash and investments of $3.1 million in governmental activities due to efforts to increase the City's reserves.

The current year capital asset additions of $99.9 million (including intangible assets) were offset by current year depreciation and amortization expenses of $40.9 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation and amortization of $56.1 million for a net increase of $2.9 million.

Total liabilities decreased by $2.5 million. Current liabilities increased by $5.1 million primarily due to an increase in accrued liabilities and deposits payable. Noncurrent liabilities decreased by $7.6 million due to the decrease in Net pension liability and OPEB liability. See Note 8 and 9 in the financial statements for more information.

Net investment in capital assets decreased slightly by $0.03 million, primarily due to capital projects with retention amounts that had not yet been paid as of year-end.

Restricted net position decreased by $8.6 million due to increased commitments and programming in the area of public works, primarily due to continued support for several capital projects.

Business-type Activities

Total assets increased by $26.2 million. Current and other assets of business-type activities increased by $24.1 million over last year. This was primarily due to the increase in pooled cash and investments of $26.4 million, which was the result of the accumulation of net operating income for future infrastructure needs.

Capital assets had a net increase of $2.1 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 increased by $1.9 million primarily due to an increase in purchases of service and supplies.

Net investment in capital assets increased $1.4 million due to the addition of capital assets during the fiscal year as a direct result of the City's continued investment in infrastructure.

Unrestricted net position increased by $20.1 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 $7.7 million, a 2.3% increase from the prior year, while total expenses increased by $51.2 million, a 19.3% 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, 2025. Comparative data from the fiscal year ended June 30, 2024 is also presented.

Changes in Net Position
For the Year Ended June 30, 2025
($000's)

	Governmental Activities		Business-type Activities		Totals	
	2024	2025	2024	2025	2024	2025
Revenues						
Program revenues						
Charges for services	$ 53,434	$ 56,759	$ 52,621	$ 65,087	$ 106,055	$ 121,846
Operating contributions and grants	32,918	35,490	-	-	32,918	35,490
Capital contributions and grants	22,508	5,097	2,777	128	25,285	5,225
General revenues						
Property tax	59,982	63,344	-	-	59,982	63,344
Transient occupancy tax	4,281	4,075	-	-	4,281	4,075
Sales tax	37,811	41,156	-	-	37,811	41,156
Franchise taxes	8,061	8,067	-	-	8,061	8,067
Business license tax	3,019	2,944	-	-	3,019	2,944
Utility users tax	19,496	21,582	-	-	19,496	21,582
Franchise in lieu of taxes	958	1,184	-	-	958	1,184
Documentary transfer tax	633	644	-	-	633	644
Other taxes	11,004	11,150	-	-	11,004	11,150
Use of money and property	19,950	23,088	3,182	5,537	23,132	28,625
Miscellaneous	4,060	153	1,294	315	5,354	468
Gain (Loss) on disposal of capital assets	-	83	-	(227)	-	(144)
Total Revenues	278,115	274,816	59,874	70,840	337,989	345,656
Expenses						
General government	47,613	60,848	-	-	47,613	60,848
Public safety	82,646	87,863	-	-	82,646	87,863
Community and economic development	19,107	22,007	-	-	19,107	22,007
Community and cultural	30,265	32,854	-	-	30,265	32,854
Public works	44,605	65,702	-	-	44,605	65,702
Interest and fiscal charges	2,750	853	-	-	2,750	853
Electric	-	-	38,918	47,006	38,918	47,006
Total Expenses	226,986	270,127	38,918	47,006	265,904	317,133
Excess before transfers	51,129	4,689	20,956	23,834	72,085	28,523
Transfers	-	-	-	-	-	-
Change in net position	51,129	4,689	20,956	23,834	72,085	28,523
Net position beginning of year	1,163,196	1,214,325	83,732	104,688	1,246,928	1,319,013
Net position end of year	$ 1,214,325	$ 1,219,014	$ 104,688	$ 128,522	$ 1,319,013	$1,347,536

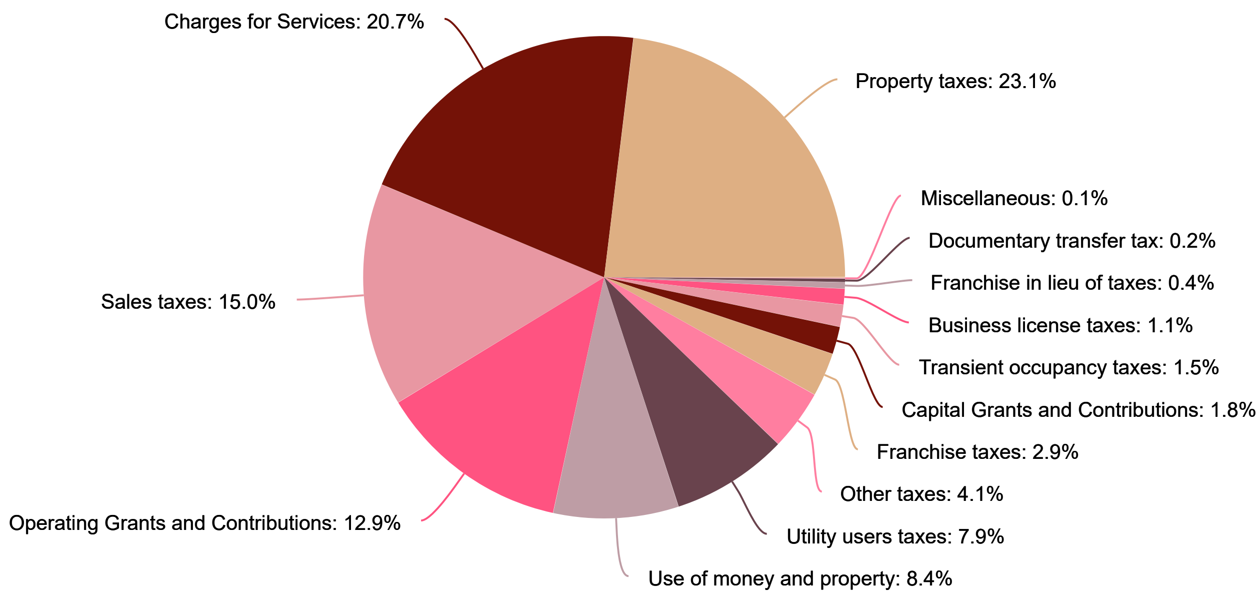
Governmental Activities

The City's governmental revenues decreased $3.3 million, a 1.2% decrease from the prior year, and total expenses increased $43.1 million, a 19% increase. The following discusses the changes in more detail.

Revenue
Program revenues decreased $11.8 million, primarily due to a decrease in operating contributions and grants. The majority of reimbursements tied to the SR-60/Moreno Beach project had already been received in the previous fiscal year.

General revenues increased by $8.2 million, driven by an increase in property taxes of $3.4 million, and in sales taxes of $3.3 million, which is offset by a decrease in miscellaneous income of $3.9 million. The increase in property tax revenue of $3.4 million reflects both growth in new development and in housing market values. The increase in sales taxes of $3.3 million is primarily due to Measure U, the Moreno Valley Essential Services Reauthorization Measure, approved on November 5, 2024 which increased the sales and use tax rate to 8.75% of which the City receives 2% from the California Department of Tax and Fee Administration (CDTFA). The decrease in miscellaneous income is mainly due to a $2.0 million one-time settlement which was received in the prior fiscal year.

Revenues by Source – Governmental Activities
For the year ended June 30, 2025



Expense
Total governmental expenses increased by $43.1 million. This increase is primarily due to an increase in public works of $21.1 million. The increase is related to an overall increase in operations which includes salaries and benefits, service and supplies, and depreciation of capital assets.

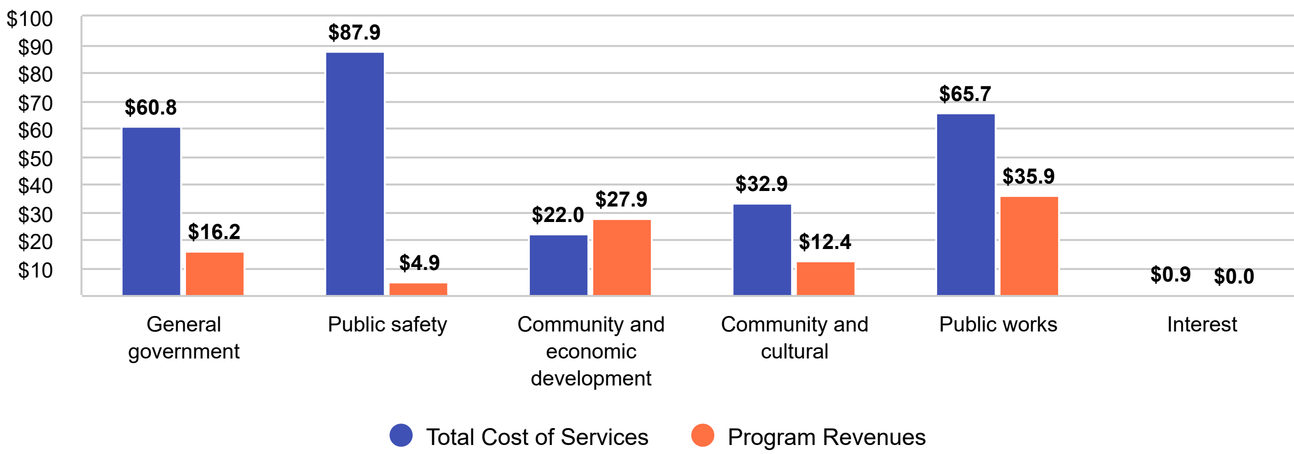
The following table presents the cost of each of the six major program categories and identifies each program's *net cost* (total cost less revenues generated by the activities). The net cost is the amount paid for by general revenue sources that are generated by all City taxpayers. As illustrated, program revenues recovered $97.3 million of the cost of providing these services.

Governmental Activities - Net Cost of Services
For the year ended June 30, 2025

	Total Cost of Services	Net Cost of Services
General government	$ 60,848,507	$ (44,668,431)
Public safety	87,862,551	(82,923,885)
Community and economic development	22,007,980	5,845,918
Community and cultural	32,854,148	(20,409,021)
Public works	65,701,744	(29,773,806)
Interest	852,625	(852,625)
TOTAL	$ 270,127,555	$ (172,781,850)

The City paid for the remaining public benefit portion of these governmental activities with $177.5 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, 2025
(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 $11.0 million from the prior year or 18.3%. Total expenses increased $8.1 million or 20.8%. The following discusses the changes in more detail.

Revenue
Total revenues increased $11.0 million from prior year primarily due to an increase in charges for services due to an increase in electricity rates and growing customer base.

Expenses
Expenses in the Electric Utility increased $8.1 million from prior year primarily due to an increase in service and supplies, driven by the 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 $292.7 million, with the General Fund representing $114.4 million, or 39.1% of the total. The City's General Fund has an unassigned fund balance of $30.8 million.

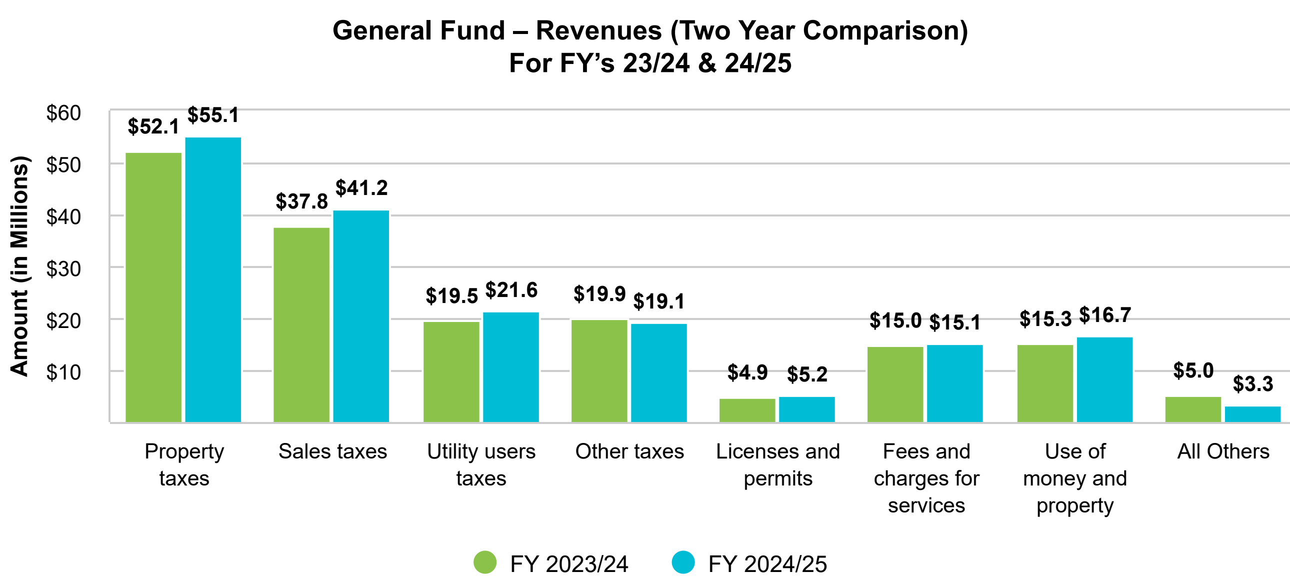
General Fund Budgetary Highlights

The General Fund was anticipated to have a balanced budget resulting in minimal change in fund balance. Actual results of total fund balance increased by $10.2 million. Compared to the budget, actual results realized a revenue increase of $21.0 million and expenditure reduction of $5.1 million. The operating reserve increased to $24.3 million, and the economic uncertainty increased to $24.3 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.

Original budget compared to final budget. The General fund revenue final budget increased $3.6 million primarily due to increase in property taxes of $3.3 million due to an expectation in growth in housing market values and continued economic development.

Final budget compared to actual results. The General Fund revenues were $21.0 million more than what was anticipated in the final budget, mainly due to an increase in use of money and property of $12.0 million, in utility users taxes of $3.6 million, and in sales taxes of $3.4 million. These gains were largely driven by higher investment interest income, an increase in unrealized GASB 31 gains from an improving investment portfolio holdings, growth in housing market values and continued economic development, and an increase in the sales tax rate.

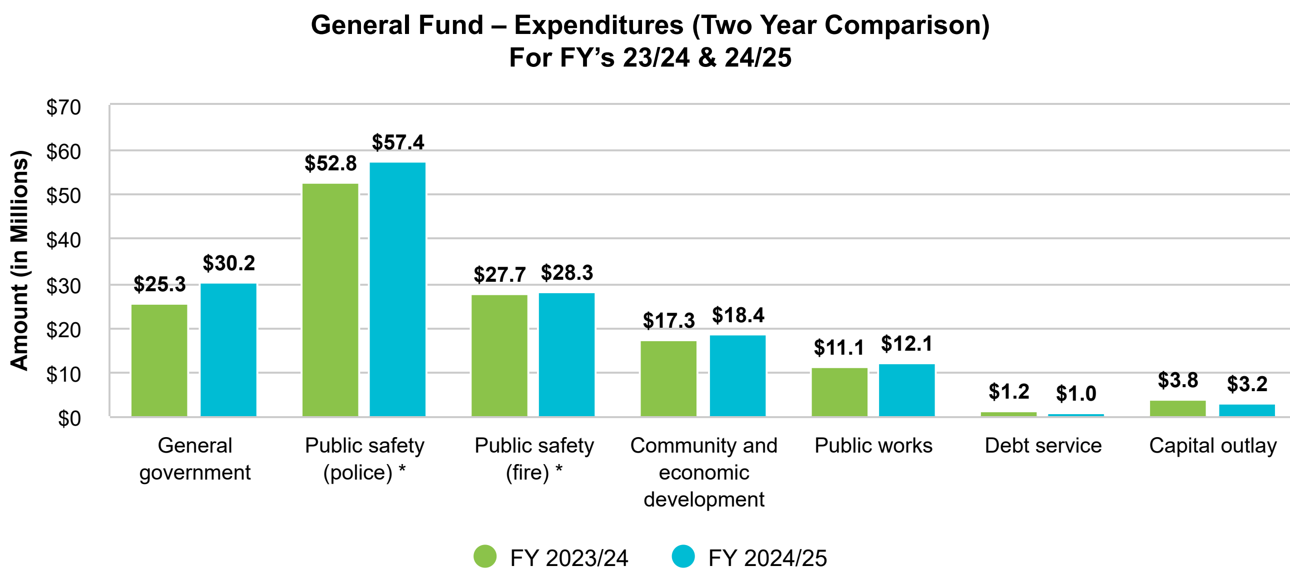
The following graph presents a comparison of each General Fund revenue source for the fiscal years ended June 30, 2024 and 2025.



Overall General Fund actual expenditures were $5.1 million less than what was anticipated in the final budget, mainly due to savings in public safety of $9.3 million, in capital outlay of $2.6 million, and in public works of $1.8 million. The reduction in public safety spending was primarily due to the return to normalized safety costs following the COVID period, while the reductions in public works and capital outlay were primarily due to delays in capital projects spanning multiple years.

General Fund expenditures were $11.1 million higher than the previous year, primarily due to a $5.1 million increase in public safety costs. This increase reflects the return to normalized safety costs.

The following graph presents a comparison of each General Fund expenditure category for the fiscal years ended June 30, 2024 and 2025.



* Public safety expenditures of FY 2023-24 reduced by one-time pandemic funding.

Other Major Fund Financial Results

The fund balance of the Development Impact Fees Special Revenue Fund decreased by $13.8 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 decrease in fund balance was primarily caused by an increase in capital projects funded by development impact fees.

The fund balance of the Community Service District Zones Special Revenue Fund decreased $3.6 million over the prior year. 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 decrease was primarily due to an increase in contractual service cost to help maintain the various zones.

The fund balance of the Housing Authority Fund increased $0.3 million over the prior year. This fund accounts for the housing assets as a result of the 2012 State's dissolution of redevelopment agencies. In FY 2024-25, the fund balance grew primarily due to higher investment earnings as a result of an improving investment portfolio holdings.

Capital Asset and Debt Administration

Capital Assets

At the end of FY 2024-25, the City's governmental activities had $1.7 billion ($919.6 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 $99.9 million (including intangible assets) were offset by current year depreciation and amortization expense of $40.9 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of $56.1 million for a net increase of $2.9 million. This increase was primarily caused by progress in construction projects following the pandemic.

At June 30, 2025, the City's business-type activities had $114.2 million ($86.3 million net of accumulated depreciation) invested in capital assets, primarily utility infrastructure. The current year capital asset additions of $11.0 million were offset by current depreciation expense of $3.0 million and asset retirements (including transfers out from Capital Improvement Projects) net of accumulated depreciation of $5.9 million for a net increase of $2.1 million. This increase was primarily driven by the expansion of utility infrastructure projects following the pandemic.

City of Moreno Valley

Capital Assets
June 30, 2025
($000's)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Land	$ 307,414	$ 307,414	$ 3,195	$ 3,195	$ 310,609	$ 310,609
Buildings and improvements	160,430	160,639	1,664	1,664	162,094	162,303
Furniture and equipment	34,177	34,123	1,347	955	35,524	35,078
Vehicles	14,085	16,165	-	-	14,085	16,165
Construction in progress	64,614	48,901	6,122	8,138	70,736	57,039
Infrastructure	1,029,063	1,080,834	96,884	100,246	1,125,947	1,181,080
Right-to-use intangible assets	5,382	8,677	-	-	5,382	8,677
	1,615,165	1,656,753	109,212	114,198	1,724,377	1,770,951
Accumulated depreciation	(695,920)	(733,740)	(25,037)	(27,879)	(720,957)	(761,619)
Accumulated amortization	(2,556)	(3,420)	-	-	(2,556)	(3,420)
Net Capital Assets	$ 916,689	$ 919,593	$ 84,175	$ 86,319	$ 1,000,864	$ 1,005,912

Some of the major capital projects from the Capital Improvement Plan that were completed during the current fiscal year were:

- Redlands Boulevard Streetlight Improvements / Grelck Drive to North City Limits
- Citywide Pavement Rehabilitation Program (FY 23/24)
- Citywide Full Trash Capture Device Installation
- Park Rehabilitation and Refurbishment - Playground Replacement at Towngate II & Celebration 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:

- Flight Deck Pump Track at Morrison Park
- Pavement Rehabilitation for Various Local Streets (CDBG FY 23-24)
- Citywide Pavement Rehabilitation Program (FY 24/25)
- Sunnymead Master Drainage Plan Line B-16A
- Park Rehabilitation and Refurbishment - Restrooms Civic Center Amphitheater & Adrienne Mitchell Park

Other major projects that are in the Design, Environmental and Right of Way Acquisition Phases are:

- SR-60/World Logistics Center Parkway Interchange Replacement
- Moreno MDP Line K & Reche Canyon Debris Basin
- Sunnymead MDP Storm Drain Line H

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 \$133.9 million while business activity had \$52.2 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, 2025

	Governmental Activities	Business-type Activities
Direct Placements		
Notes and Other	\$ -	\$ 5,430,777
Other Liabilities		
Lease revenue bonds, net	20,136,962	42,838,426
Certificates of participation, net	15,955,000	-
Lease liability	2,396,730	-
SBITA liability	2,976,329	-
Compensated absences	10,337,302	350,023
Net pension and OPEB liability	77,559,047	3,603,622
Self-insurance claims and judgments	4,522,000	-
	\$ 133,883,370	\$ 52,222,848

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, 2025, the City implemented the following GASB standard:

GASB Statement No. 102-Certain risk disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resource or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

Economic Factors and Outlook for Future Years

Although this Annual Report focuses on the City's economic condition for the fiscal year ending June 30, 2025, it is also important for the City's financial management to address current issues affecting the City and their economic impact on FY 2024-25 and future years.

Moreno Valley's local economy continues to demonstrate steady improvement, with tax revenues showing moderate growth over the past several years. With an estimated population of 210,823, the City remains the second-largest in Riverside County and the fourth-largest in the Inland Empire. This stability is supported by Moreno Valley's strategic location at the junction of Interstate 215 and State Route 60, its diverse range of quality housing options, its family-oriented lifestyle, and its strong array of quality-of-life amenities.

In recent years, Moreno Valley has also experienced significant non-residential growth, including major new commercial, retail, and industrial developments. While commercial development has slowed across Southern California, the City continues to attract new business opportunities. In FY 2024-25, several new medical, retail, and industrial projects opened, expanding the City's property and sales tax base and supporting moderate revenue growth in the upcoming budget cycle.

The City's Economic Development Department remains dedicated to actively promoting Moreno Valley as the region's leading destination for businesses seeking to locate in the Inland Empire. Benefiting from its prime Southern California location, the City continues to be a preferred hub for the logistics industry, offering a robust supply of developable parcels, available facilities, and projects entitled by some of the nation's most prominent development and investment firms. Additionally, on November 5, 2024, Moreno Valley residents approved Measure U, the Moreno Valley Essential Services Reauthorization Measure, which authorizes a one-cent (1%) increase in the sales tax rate. This measure is expected to generate additional revenue for the City in the years ahead.

The City's credit rating of AA-, as assigned by Standard & Poor's, reflects its strong financial position. A key factor in achieving and maintaining this rating is the commitment of the City Council and the City Manager to balancing the General Fund budget. The City's dedication to fiscal responsibility and effective management is consistently demonstrated, as we continue to navigate complex financial challenges without relying on General Fund reserves. Through strategic planning and disciplined execution, the City Council and management team have delivered balanced financials. As revenues continue to grow steadily for now, we remain focused on planning for sustained economic recovery.

The City is closely monitoring several economic indicators that signal a slowing economy, including potential recessionary and inflationary pressures at the national, state, and regional levels; the State's projected deficit heading into 2026-27 and beyond; and the impact of newly enacted, unfunded State mandates. Given its strong financial standing, the City is well positioned to withstand a moderate recession. However, we will continue to exercise fiscal prudence to ensure future budgets remain balanced while maintaining high-quality services that enhance the well-being of our residents.

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, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets			
Pooled cash and investments [1]	$ 373,224,898	$ 92,734,837	$ 465,959,735
Receivables			
Accounts	3,856,065	4,519,918	8,375,983
Notes and loans [2]	49,424,739	-	49,424,739
Notes to Successor Agency [2]	7,938,341	-	7,938,341
Leases [2]	342,716	-	342,716
Interest	6,454,077	-	6,454,077
Prepaid	1,866,458	90,694	1,957,152
Due from other governments	30,653,746	-	30,653,746
Inventories	73,796	1,365,404	1,439,200
Land held for resale	3,467,471	-	3,467,471
Restricted assets			
Cash and investments [1]	5,635,925	-	5,635,925
Cash with fiscal agents [1]	26,277	5,711	31,988
Total current assets	482,964,509	98,716,564	581,681,073
Noncurrent assets			
Leases [2]	10,521,851	-	10,521,851
Capital assets - not being depreciated [3]	356,315,268	11,332,772	367,648,040
Capital assets - net of accumulated depreciation/amortization [3]	563,277,574	74,985,813	638,263,387
Net OPEB asset	812,256	41,044	853,300
Total noncurrent assets	930,926,949	86,359,629	1,017,286,578
Total assets	**1,413,891,458**	**185,076,193**	**1,598,967,651**
Deferred outflows of resources			
Deferred outflows of resources related to pensions [5]	7,924,786	186,605	8,111,391
Deferred outflows of resources related to OPEB [6]	1,877,945	94,894	1,972,839
Deferred loss on refunding of debt	1,915,900	-	1,915,900
Deferred outflows - Utility Network	-	4,081,977	4,081,977
Total deferred outflows of resources	**11,718,631**	**4,363,476**	**16,082,107**
Liabilities			
Current liabilities			
Accounts payable	28,257,653	6,677,524	34,935,177
Accrued liabilities	6,201,767	-	6,201,767
Accrued interest	224,818	239,785	464,603
Unearned revenue	6,683,826	31,240	6,715,066
Deposits payable	11,737,010	1,598,638	13,335,648
Due to other governments	6,694,036	-	6,694,036
Compensated absences payable [4]	6,202,381	210,014	6,412,395
Claims and judgements payable [7]	1,588,000	-	1,588,000
Long term debt - net of unamortized premium [4]	3,679,406	2,157,197	5,836,603
Total current liabilities	71,268,897	10,914,398	82,183,295
Noncurrent liabilities			
Compensated absences payable [4]	4,134,921	140,009	4,274,930
Claims and judgements payable [7]	2,934,000	-	2,934,000
Long term debt - net of unamortized premium [4]	37,785,615	46,112,006	83,897,621
Net pension liability [5]	77,559,047	3,603,622	81,162,669
Total noncurrent liabilities	122,413,583	49,855,637	172,269,220
Total liabilities	**193,682,480**	**60,770,035**	**254,452,515**
Deferred inflows of resources			
Deferred inflows of resources related to OPEB [6]	2,928,926	148,000	3,076,926
Deferred inflows of resources related to leases	9,985,351	-	9,985,351
Total deferred inflows of resources	**12,914,277**	**148,000**	**13,062,277**
Net position			
Net investment in capital assets	877,124,028	37,896,263	915,020,291
Restricted for			
Expendable			
Community development projects	46,277,224	-	46,277,224
Public safety	1,016,898	-	1,016,898
Community and cultural	19,846,381	-	19,846,381
Public works	61,871,293	-	61,871,293
Capital projects	41,499,984	-	41,499,984
Debt service	6,038,300	-	6,038,300
Permanent funds	82,251	-	82,251
Public purpose programs	-	14,338,812	14,338,812
Water quality	2,738,778	-	2,738,778
Net OPEB asset	812,256	41,044	853,300
Unrestricted	161,705,939	76,245,515	237,951,454
Total net position	**$ 1,219,013,332**	**$ 128,521,634**	**$ 1,347,534,966**

See accompanying Notes to the Basic Financial Statements:

[1] Note 3
[2] Note 4
[3] Note 5
[4] Note 6
[5] Note 8
[6] Note 9
[7] Note 11

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2025

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	$ 60,848,507	$ 15,642,026	$ 538,050	$ -
Public safety	87,862,551	4,194,188	744,478	-
Community and economic development	22,007,980	22,726,838	5,127,060	-
Community and cultural	32,854,148	1,506,602	10,938,525	-
Public works	65,701,744	12,689,134	18,141,681	5,097,123
Interest	852,625	-	-	-
Total Governmental activities	**270,127,555**	**56,758,788**	**35,489,794**	**5,097,123**
Business-type activities:				
Electric	47,005,569	65,086,891	-	127,524
Total Business-type activities	**47,005,569**	**65,086,891**	**-**	**127,524**
Total Primary government	**$ 317,133,124**	**$ 121,845,679**	**$ 35,489,794**	**$ 5,224,647**

See accompanying Notes to the Basic Financial Statements

City of Moreno Valley, California

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position — Primary Government — Governmental Activities	Business-type Activities	Total
Primary government:			
Governmental activities:			
General government	$ (44,668,431)	$ -	$ (44,668,431)
Public safety	(82,923,885)	-	(82,923,885)
Community and economic development	5,845,918	-	5,845,918
Community and cultural	(20,409,021)	-	(20,409,021)
Public works	(29,773,806)	-	(29,773,806)
Interest	(852,625)	-	(852,625)
Total Governmental activities	**(172,781,850)**	**-**	**(172,781,850)**
Business-type activities:			
Electric	-	18,208,846	18,208,846
Total Business-type activities	**-**	**18,208,846**	**18,208,846**
Total Primary government	**$ (172,781,850)**	**$ 18,208,846**	**$ (154,573,004)**
General revenues:			
Taxes			
Property taxes	63,344,023	-	63,344,023
Transient occupancy taxes	4,074,962	-	4,074,962
Sales taxes	41,156,071	-	41,156,071
Franchise taxes	8,067,125	-	8,067,125
Business license taxes	2,944,235	-	2,944,235
Utility users taxes	21,582,335	-	21,582,335
Other taxes	11,150,466	-	11,150,466
Franchise in lieu of taxes	1,184,196	-	1,184,196
Documentary transfer tax	643,894	-	643,894
Use of money and property	23,087,967	5,536,661	28,624,628
Miscellaneous	152,172	315,249	467,421
Gain (Loss) on disposal of capital assets	82,756	(226,883)	(144,127)
Total General revenues	**177,470,202**	**5,625,027**	**183,095,229**
Change in net position	4,688,352	23,833,873	28,522,225
Net position - beginning of year	1,214,324,980	104,687,761	1,319,012,741
Net position - end of year	**$ 1,219,013,332**	**$ 128,521,634**	**$ 1,347,534,966**

See accompanying Notes to the Basic Financial Statements

MAJOR GOVERNMENTAL FUNDS

General Fund
This fund is used to account for all financial resources of the city traditionally associated with government operations which are not required legally or by sound financial management to be accounted for in another fund.

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.

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, 2025

		Special Revenue Funds		
	General Fund	Development Impact Fees	CSD Zones	Housing Authority
Assets				
Pooled cash and investments [1]	$ 115,003,534	$ 50,986,874	$ 20,024,592	$ 6,513,375
Receivables				
Accounts	3,347,612	-	390,748	-
Notes and loans [2]	-	-	-	32,483,735
Notes to Successor Agency [2]	7,938,341	-	-	-
Leases [2]	1,506,527	-	9,358,040	-
Interest	2,445,251	-	-	3,421,115
Due from other governments	14,605,286	-	586,702	-
Due from other funds [3]	10,857,996	-	-	-
Advances to other funds [3]	5,750,000	-	-	-
Prepaid	981,299	-	16,829	-
Land held for resale/development	2,856,471	-	-	611,000
Restricted assets				
Cash and investments [1]	5,635,925	-	-	-
Cash with fiscal agents [1]	-	-	-	-
Total assets	**$ 170,928,242**	**$ 50,986,874**	**$ 30,376,911**	**$ 43,029,225**
Liabilities				
Accounts payable	$ 19,206,829	$ -	$ 943,808	$ 82,497
Accrued liabilities	6,037,166	-	-	-
Unearned revenues	662,293	-	426,412	-
Deposits payable	11,737,010	-	-	-
Due to other governments	6,694,016	-	20	-
Due to other funds [3]	-	-	245,988	-
Advances from other funds [3]	-	25,897,223	-	-
Total liabilities	**44,337,314**	**25,897,223**	**1,616,228**	**82,497**
Deferred inflows of resources				
Unavailable revenues	10,806,711	-	276,987	4,916,635
Leases	1,364,865	-	8,620,486	-
Total deferred inflows of resources	**12,171,576**	**-**	**8,897,473**	**4,916,635**
Fund balances (deficits)				
Nonspendable				
Notes to Successor Agency	1,950,663	-	-	-
Advances to other funds	5,750,000	-	-	-
Prepaids	981,299	-	16,829	-
Permanent fund principal	-	-	-	-
Land held for resale	2,856,471	-	-	-
Restricted				
Community development projects	-	-	-	38,030,093
Public safety	-	-	-	-
Community and cultural	-	-	19,846,381	-
Public works	-	25,089,651	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Committed				
Revolving line of credit	2,600,000	-	-	-
Maintenance of pedestrian bridge	291,519	-	-	-
Operating reserve	24,256,014	-	-	-
Assigned				
Continuing appropriations	842,118	-	-	-
Economic uncertainty reserve	24,256,014	-	-	-
Grants and federal/state awards	12,539,362	-	-	-
Measure U	7,251,527	-	-	-
Unassigned	30,844,365	-	-	-
Total fund balances (deficits)	**114,419,352**	**25,089,651**	**19,863,210**	**38,030,093**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 170,928,242**	**$ 50,986,874**	**$ 30,376,911**	**$ 43,029,225**

See accompanying Notes to the Basic Financial Statements:
[1] Note 3
[2] Note 4
[3] Note 7

City of Moreno Valley, California

Balance Sheet
Governmental Funds
June 30, 2025

	Nonmajor Governmental Funds	Total Governmental Funds
Assets		
Pooled cash and investments [1]	$ 98,322,117	$ 290,850,492
Receivables		
Accounts	117,639	3,855,999
Notes and loans [2]	16,941,004	49,424,739
Notes to Successor Agency [2]	-	7,938,341
Leases [2]	-	10,864,567
Interest	570,699	6,437,065
Due from other governments	15,461,758	30,653,746
Due from other funds [3]	-	10,857,996
Advances to other funds [3]	-	5,750,000
Prepaid	5,078	1,003,206
Land held for resale/development	-	3,467,471
Restricted assets		
Cash and investments [1]	-	5,635,925
Cash with fiscal agents [1]	26,277	26,277
Total assets	**$ 131,444,572**	**$ 426,765,824**
Liabilities		
Accounts payable	$ 7,474,063	$ 27,707,197
Accrued liabilities	164,601	6,201,767
Unearned revenues	5,595,121	6,683,826
Deposits payable	-	11,737,010
Due to other governments	-	6,694,036
Due to other funds [3]	10,612,008	10,857,996
Advances from other funds [3]	-	25,897,223
Total liabilities	**23,845,793**	**95,779,055**
Deferred inflows of resources		
Unavailable revenues	12,290,978	28,291,311
Leases	-	9,985,351
Total deferred inflows of resources	**12,290,978**	**38,276,662**
Fund balances (deficits)		
Nonspendable		
Notes to Successor Agency	-	1,950,663
Advances to other funds	-	5,750,000
Prepaids	5,078	1,003,206
Permanent fund principal	288,098	288,098
Land held for resale	-	2,856,471
Restricted		
Community development projects	8,247,131	46,277,224
Public safety	1,016,898	1,016,898
Community and cultural	-	19,846,381
Public works	36,781,642	61,871,293
Capital projects	41,499,984	41,499,984
Water quality	2,738,778	2,738,778
Debt service	6,038,300	6,038,300
Endowment	82,251	82,251
Committed		
Revolving line of credit	-	2,600,000
Maintenance of pedestrian bridge	-	291,519
Operating reserve	-	24,256,014
Assigned		
Continuing appropriations	-	842,118
Economic uncertainty reserve	-	24,256,014
Grants and federal/state awards	-	12,539,362
Measure U	-	7,251,527
Unassigned	(1,390,359)	29,454,006
Total fund balances (deficits)	**95,307,801**	**292,710,107**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 131,444,572**	**$ 426,765,824**

See accompanying Notes to the Basic Financial Statements:
[1] Note 3
[2] Note 4
[3] Note 7

City of Moreno Valley, California

Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2025

Fund balances of governmental funds		$ 292,710,107
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)	1,626,478,155	
Accumulated depreciation (excludes internal service accumulated depreciation)	(717,332,629)	
		909,145,526
Long-term debt and compensated absences have not been included in the governmental fund activity		
2024 Refunding of 2014 Lease Revenue Bonds	(18,079,866)	
2020 Refunding Total Road Improvements Certificates of Participation	(15,955,000)	
Unamortized Premium/Discount	(2,057,096)	
Compensated Absences	(9,892,231)	
Lease and SBITA liability	(5,373,059)	
		(51,357,252)
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.		28,291,311
Accrued interest receivable for the current portion of interest due on leases has not been reported in the governmental funds.		17,015
Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.		(224,818)
Deferred outflows of resources related to deferred loss on refunding debt are not financial sources and therefore are not reported in the governmental funds.		1,915,900
Deferred outflows of resources related to pensions and OPEB are not financial resources and therefore are not reported in the governmental funds.		9,802,731
Long-term liabilities and assets related to pensions and OPEB are not due and payable in the current period and therefore are not reported in the governmental funds:		
Net pension liability	(77,559,047)	
Net OPEB asset	812,256	
		(76,746,791)
Deferred inflows of resources related to pensions and OPEB are not current obligation and are not reported in the governmental funds.		(2,928,926)
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.		108,388,529
Net position of governmental activities		$ 1,219,013,332

See accompanying Notes to the Basic Financial Statements

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

		Special Revenue Funds		
	General Fund	Development Impact Fees	CSD Zones	Housing Authority
Revenues				
Taxes				
Property taxes	$ 55,135,927	$ -	$ 8,208,096	$ -
Sales taxes	41,156,071	-	-	-
Utility users taxes	21,582,335	-	-	-
Other taxes	19,108,171	-	8,094,611	-
Licenses and permits	5,220,954	-	-	-
Intergovernmental	1,073,183	-	56,087	67,600
Fees and charges for services	15,117,785	12,360,691	6,806,095	-
Use of money and property	16,746,186	2,098,130	1,785,388	593,896
Fines and forfeitures	348,733	-	4,606	-
Miscellaneous	1,840,907	-	17,122	1,380
Total revenues	**177,330,252**	**14,458,821**	**24,972,005**	**662,876**
Expenditures				
Current				
General government	30,153,638	1,945,641	-	-
Public safety	85,635,491	-	-	-
Community and economic development	18,387,241	-	-	351,873
Community and cultural	-	-	20,925,802	-
Public works	12,065,851	-	7,413,312	-
Debt service				
Principal retirement	961,354	-	177,952	-
Interest	60,452	-	55,945	-
Capital outlay	3,213,258	-	1,052,621	-
Total expenditures	**150,477,285**	**1,945,641**	**29,625,632**	**351,873**
Excess (deficiency) of revenues over expenditures	**26,852,967**	**12,513,180**	**(4,653,627)**	**311,003**
Other financing sources (uses)				
Transfers in	2,585,080	1,329,830	1,496,383	-
Transfers out [(1)]	(19,650,721)	(27,659,309)	(1,840,560)	-
Lease acquisition	-	-	1,415,127	-
SBITA acquisition	446,070	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**(16,619,571)**	**(26,329,479)**	**1,070,950**	**-**
Net change in fund balances	10,233,396	(13,816,299)	(3,582,677)	311,003
Fund balances - beginning of year, as previously reported	104,185,956	38,905,950	23,445,887	37,719,090
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances - beginning of year, as restated	104,185,956	38,905,950	23,445,887	37,719,090
Fund balances - end of year	**$114,419,352**	**$ 25,089,651**	**$ 19,863,210**	**$ 38,030,093**

See accompanying Notes to the Basic Financial Statements:
[(1)] Note 7

City of Moreno Valley, California

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund (Previous Year Major Fund)		
	Capital Projects Grants	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property taxes	$ -	$ -	$ 63,344,023
Sales taxes	-	-	41,156,071
Utility users taxes	-	-	21,582,335
Other taxes	-	862,096	28,064,878
Licenses and permits	-	1,517	5,222,471
Intergovernmental	-	41,834,122	43,030,992
Fees and charges for services	-	3,361,687	37,646,258
Use of money and property	-	1,847,355	23,070,955
Fines and forfeitures	-	-	353,339
Miscellaneous	-	486,699	2,346,108
Total revenues	**-**	**48,393,476**	**265,817,430**
Expenditures			
Current			
General government	-	2,608,450	34,707,729
Public safety	-	783,501	86,418,992
Community and economic development	-	3,033,904	21,773,018
Community and cultural	-	10,694,119	31,619,921
Public works	-	10,019,231	29,498,394
Debt service			
Principal retirement	-	23,850,449	24,989,755
Interest	-	1,571,252	1,687,649
Capital outlay	-	41,743,170	46,009,049
Total expenditures	**-**	**94,304,076**	**276,704,507**
Excess (deficiency) of revenues over expenditures	**-**	**(45,910,600)**	**(10,887,077)**
Other financing sources (uses)			
Transfers in	-	66,123,473	71,534,766
Transfers out [1]	-	(34,506,638)	(83,657,228)
Lease acquisition	-	-	1,415,127
SBITA acquisition	-	-	446,070
Refunding bonds issued	-	19,645,416	19,645,416
Bond premium/(discount)	-	2,262,806	2,262,806
Total other financing sources (uses)	**-**	**53,525,057**	**11,646,957**
Net change in fund balances	-	7,614,457	759,880
Fund balances - beginning of year, as previously reported	(994,866)	88,688,210	291,950,227
Change within financial reporting entity (major to non-major)	994,866	(994,866)	-
Fund balances - beginning of year, as restated	-	87,693,344	291,950,227
Fund balances - end of year	**$ -**	**$ 95,307,801**	**$ 292,710,107**

See accompanying Notes to the Basic Financial Statements:
[1] Note 7

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, 2025

Net change in fund balances - total government funds		$ 759,880
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	43,625,526	
Depreciation and amortization expense	(39,635,512)	
		3,990,014
Refunding bonds issued	(19,645,416)	
Bond premium/(discount)	(2,262,806)	
Repayment of debt	23,850,449	
Amortization of bond premiums	1,004,695	
Principal payments of lease and SBITA	1,244,757	
Deferred charge	(136,850)	
Lease and SBITA acquisitions	(4,055,132)	
		(303)
Accrued interest for long-term receivables. This is the net change in accrued interest for the current period		17,012
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period		(32,821)
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		(570,891)
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		1,886,918
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		(5,549,472)
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		4,188,015
Change in net position of governmental activities		$ 4,688,352

See accompanying Notes to the Basic Financial Statements

City of Moreno Valley, California

GENERAL FUND
Budgetary Comparison Statement
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Taxes				
Property taxes	$ 50,236,000	$ 53,552,015	$ 55,135,927	$ 1,583,912
Sales taxes	37,750,000	37,750,000	41,156,071	3,406,071
Utility users taxes	18,000,000	18,000,000	21,582,335	3,582,335
Other taxes	20,000,000	20,000,000	19,108,171	(891,829)
Licenses and permits	5,639,454	5,639,454	5,220,954	(418,500)
Intergovernmental	615,803	794,264	1,073,183	278,919
Fees and charges for services	14,969,973	15,002,973	15,117,785	114,812
Use of money and property	4,725,100	4,725,100	16,746,186	12,021,086
Fines and forfeitures	532,500	499,500	348,733	(150,767)
Miscellaneous	238,500	364,619	1,840,907	1,476,288
Total revenues	**152,707,330**	**156,327,925**	**177,330,252**	**21,002,327**
Expenditures				
Current				
General government				
City council	1,164,811	1,052,419	1,033,665	18,754
City manager	2,953,057	3,458,593	4,896,069	(1,437,476)
City clerk	769,143	1,346,055	1,318,153	27,902
City attorney	1,094,769	1,094,769	1,711,469	(616,700)
Human resources	1,886,331	2,348,331	2,510,557	(162,226)
Financial and management services	15,916,472	15,967,365	13,680,871	2,286,494
Non-departmental	(3,065,950)	(3,065,950)	5,002,854	(8,068,804)
Public safety				
Police	64,711,911	64,723,898	57,362,427	7,361,471
Fire	30,364,784	30,242,275	28,273,064	1,969,211
Community and economic development	18,058,991	18,721,310	18,387,241	334,069
Community and cultural	1,000	1,000	-	1,000
Public works	13,357,433	13,901,282	12,065,851	1,835,431
Total current	**147,212,752**	**149,791,347**	**146,242,221**	**3,549,126**
Debt service				
Principal retirement	-	-	961,354	(961,354)
Interest	-	-	60,452	(60,452)
Total debt service	**-**	**-**	**1,021,806**	**(1,021,806)**
Capital outlay	2,833,590	5,798,846	3,213,258	2,585,588
Total expenditures	**150,046,342**	**155,590,193**	**150,477,285**	**5,112,908**
Excess (deficiency) of revenues over expenditures	2,660,988	737,732	26,852,967	26,115,235
Other financing sources (uses)				
Transfers in	2,940,159	5,880,514	2,585,080	(3,295,434)
Transfers out [(1)]	(5,560,911)	(6,683,010)	(19,650,721)	(12,967,711)
SBITA acquisition	-	-	446,070	446,070
Total other financing sources (uses)	**(2,620,752)**	**(802,496)**	**(16,619,571)**	**(15,817,075)**
Net change in fund balances	40,236	(64,764)	10,233,396	10,298,160
Fund balances - beginning of year	104,185,956	104,185,956	104,185,956	-
Fund balances - end of year	**$ 104,226,192**	**$ 104,121,192**	**$114,419,352**	**$10,298,160**

See accompanying Notes to the Basic Financial Statements:

[(1)] Note 7

City of Moreno Valley, California

DEVELOPMENT IMPACT FEES
Budgetary Comparison Statement
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 4,170,675	$ 8,070,675	$ 12,360,691	$ 4,290,016
Use of money and property	340,961	340,961	2,098,130	1,757,169
Total revenues	**4,511,636**	**8,411,636**	**14,458,821**	**6,047,185**
Expenditures				
Current				
General government				
Non-departmental	-	-	1,945,641	(1,945,641)
Total expenditures	**-**	**-**	**1,945,641**	**(1,945,641)**
Excess (deficiency) of revenues over expenditures	4,511,636	8,411,636	12,513,180	4,101,544
Other financing sources (uses)				
Transfers in	1,059,115	1,329,830	1,329,830	-
Transfers out (1)	(8,267,324)	(29,659,309)	(27,659,309)	2,000,000
Total other financing sources (uses)	**(7,208,209)**	**(28,329,479)**	**(26,329,479)**	**2,000,000**
Net change in fund balances	(2,696,573)	(19,917,843)	(13,816,299)	6,101,544
Fund balances - beginning of year	38,905,950	38,905,950	38,905,950	-
Fund balances - end of year	**$ 36,209,377**	**$ 18,988,107**	**$ 25,089,651**	**$ 6,101,544**

See accompanying Notes to the Basic Financial Statements:

(1) Note 7

City of Moreno Valley, California

CSD ZONES
Budgetary Comparison Statement
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Property taxes	$ 6,045,278	$ 6,045,278	$ 8,208,096	$ 2,162,818
Other taxes	7,328,090	7,738,149	8,094,611	356,462
Intergovernmental	-	-	56,087	56,087
Fees and charges for services	6,351,095	6,535,941	6,806,095	270,154
Use of money and property	1,164,220	1,164,220	1,785,388	621,168
Fines and forfeitures	24,897	24,897	4,606	(20,291)
Miscellaneous	14,500	1,200	17,122	15,922
Total revenues	**20,928,080**	**21,509,685**	**24,972,005**	**3,462,320**
Expenditures				
Current				
Community and cultural	17,974,474	19,195,729	20,925,802	(1,730,073)
Public works	8,056,865	8,181,865	7,413,312	768,553
Debt service				
Principal retirement	-	-	177,952	(177,952)
Interest	-	-	55,945	(55,945)
Capital outlay	10,500	1,291,958	1,052,621	239,337
Total expenditures	**26,041,839**	**28,669,552**	**29,625,632**	**(956,080)**
Excess (deficiency) of revenues over expenditures	(5,113,759)	(7,159,867)	(4,653,627)	2,506,240
Other financing sources (uses)				
Transfers in	1,480,120	1,594,381	1,496,383	(97,998)
Transfers out [(1)]	(87,671)	(1,877,071)	(1,840,560)	36,511
Lease acquisition	-	-	1,415,127	1,415,127
Total other financing sources (uses)	**1,392,449**	**(282,690)**	**1,070,950**	**1,353,640**
Net change in fund balances	(3,721,310)	(7,442,557)	(3,582,677)	3,859,880
Fund balances - beginning of year	23,445,887	23,445,887	23,445,887	-
Fund balances - end of year	**$ 19,724,577**	**$ 16,003,330**	**$ 19,863,210**	**$ 3,859,880**

See accompanying Notes to the Basic Financial Statements:

[(1)] Note 7

City of Moreno Valley, California

HOUSING AUTHORITY
Budgetary Comparison Statement
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ -	$ 67,600	$ 67,600
Use of money and property	-	100,000	593,896	493,896
Miscellaneous	-	1,000	1,380	380
Total revenues	**-**	**101,000**	**662,876**	**561,876**
Expenditures				
Current				
Community and economic development	-	250,000	351,873	(101,873)
Total expenditures	**-**	**250,000**	**351,873**	**(101,873)**
Excess (deficiency) of revenues over expenditures	-	(149,000)	311,003	460,003
Net change in fund balances	-	(149,000)	311,003	460,003
Fund balances - beginning of year	37,719,090	37,719,090	37,719,090	-
Fund balances - end of year	**$ 37,719,090**	**$ 37,570,090**	**$ 38,030,093**	**$ 460,003**

See accompanying Notes to the Basic Financial Statements

PROPRIETARY FUNDS

ENTERPRISE FUND:

Enterprise Funds account for any activity for which a fee is charged to external users for goods or services. The City's enterprise fund is the Electric Fund. This fund is used to account for the operations of the City electric utility, with its basic purpose to purchase and distribute electricity to customers in the City's newly developed areas under the "Greenfield" concept. The City began serving its first customers in February 2004.

INTERNAL SERVICE FUNDS:

Internal Service Funds are used to account for services provided to other departments on a cost reimbursement basis. These services include 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 Fund Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities	Governmental Activities
	Enterprise Funds Electric	Internal Service Funds
Assets		
Current assets		
Pooled cash and investments [1]	$ 92,734,837	$ 82,374,406
Receivables		
Accounts	4,519,918	66
Inventories	1,365,404	73,796
Prepaid costs	90,694	863,252
Restricted		
Cash with fiscal agent [1]	5,711	-
Total current assets	**98,716,564**	**83,311,520**
Noncurrent assets		
Advances to other funds [3]	-	20,147,223
Capital assets		
Capital assets - not being depreciated	11,332,772	-
Capital assets - net of accumulated depreciation	74,985,813	10,447,315
Net OPEB asset	41,044	-
Total noncurrent assets	**86,359,629**	**30,594,538**
Total assets	**185,076,193**	**113,906,058**
Deferred outflows of resources		
Deferred outflows of resources related to pensions	186,605	-
Deferred ouflows of resources related to OPEB	94,894	-
Deferred outflows - Utility Network	4,081,977	-
Total deferred outflows of resources	**4,363,476**	**-**
Total assets and deferred outflows of resources	**$ 189,439,669**	**$ 113,906,058**
Liabilities		
Current liabilities		
Accounts payable	$ 6,677,524	$ 550,458
Accrued interest	239,785	-
Unearned revenue	31,240	-
Deposits payable	1,598,638	-
Compensated absences [2]	210,014	267,042
Self-insurance payable [3]	-	1,588,000
Bonds, notes and loans payable [2]	2,157,197	-
Total current liabilities	**10,914,398**	**2,405,500**
Noncurrent liabilities		
Compensated absences [2]	140,009	178,029
Self-insurance payable [3]	-	2,934,000
Bonds, notes and loans payable [2]	46,112,006	-
Net pension liability	3,603,622	-
Total noncurrent liabilities	**49,855,637**	**3,112,029**
Total liabilities	**60,770,035**	**5,517,529**
Deferred inflows of resources		
Deferred inflows of resources related to OPEB	148,000	-
Total deferred inflows of resources	**148,000**	**-**
Net position		
Net investment in capital assets	37,896,263	10,447,315
Restricted for public purpose programs	14,338,812	-
Restricted for Net OPEB asset	41,044	-
Unrestricted	76,245,515	97,941,214
Total net position	**128,521,634**	**108,388,529**
Total liabilities, deferred inflows of resources and net position	**$ 189,439,669**	**$ 113,906,058**

See accompanying Notes to the Basic Financial Statements:
[1] Note 3
[2] Note 6
[3] Note 11

City of Moreno Valley, California

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Enterprise Funds Electric	Internal Service Funds
Operating revenues		
Sales and service charges	$ 65,086,891	$ 8,938,601
Miscellaneous	315,249	267,126
Total operating revenues	**65,402,140**	**9,205,727**
Operating expenses		
Cost of services	3,205,303	11,637,222
Depreciation expense	3,006,896	1,215,509
Amortization - utility distribution system	177,477	-
Electricity purchased	12,565,597	-
Services and supplies	15,947,737	-
Distribution share	10,575,590	-
Self-insurance claims and charges	-	4,370,198
Total operating expenses	**45,478,600**	**17,222,929**
Operating income (loss)	19,923,540	(8,017,202)
Nonoperating revenues (expenses)		
Interest revenue	5,536,661	-
Interest expense and debt issuance costs	(1,526,969)	-
Gain (loss) on disposal of capital assets	(226,883)	82,756
Total nonoperating revenues (expenses)	**3,782,809**	**82,756**
Income (loss) before transfers and contributions	23,706,349	(7,934,446)
Transfers and contributions		
Contributed capital	127,524	-
Transfers in [1]	-	15,505,892
Transfers out [1]	-	(3,383,431)
Total transfers and contributions	**127,524**	**12,122,461**
Change in net position	23,833,873	4,188,015
Total net position - beginning of year	104,687,761	104,200,514
Total net position - end of year	**$ 128,521,634**	**$ 108,388,529**

See accompanying Notes to the Basic Financial Statements:
[1] Note 7

City of Moreno Valley, California

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Enterprise Funds Electric	Internal Service Funds
Cash Flows from Operating Activities		
Cash receipts from customers	$ 65,472,170	$ 9,225,722
Payments to suppliers	(36,225,349)	(10,356,372)
Payments to employees	(2,236,300)	(2,305,946)
Cash paid for claims	-	(4,388,198)
Net cash provided by (used for) operating activities	**27,010,521**	**(7,824,794)**
Cash Flows from Noncapital Financing Activities		
Cash transfers in	-	15,505,892
Cash transfers out	-	(3,383,431)
Net cash provided by (used for) noncapital financing activities	**-**	**12,122,461**
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(5,250,100)	(129,170)
Principal paid on capital debt	(2,150,505)	-
Interest paid on capital debt	(1,324,412)	-
Proceeds from debt issuance	2,314,584	-
Payment to refunding escrow	(2,510,101)	-
Proceeds from sale of asset	-	82,756
Net cash provided by (used for) capital and related financing activities	**(8,920,534)**	**(46,414)**
Cash Flows from Investing Activities		
Interest received	5,536,661	-
Advances to other funds	-	(20,147,223)
Net cash provided by (used for) investing activities	**5,536,661**	**(20,147,223)**
Net increase (decrease) in cash and cash equivalents	**23,626,648**	**(15,895,970)**
Balances - beginning of year	69,113,900	98,270,376
Balances - end of the year	**$ 92,740,548**	**$ 82,374,406**
Reconcilation to Statement of Net Position:		
Cash and investments	$ 92,734,837	$ 82,374,406
Restricted cash with fiscal agent	5,711	-
Total cash and investments	**$ 92,740,548**	**$ 82,374,406**

See accompanying Notes to the Basic Financial Statements

City of Moreno Valley, California

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities	Governmental Activities
	Enterprise Funds Electric	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ 19,876,325	$ (8,017,202)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities		
Depreciation	3,006,896	1,215,509
Amortization	177,477	-
(Increase) decrease in assets:		
Customer receivables	38,792	19,995
Prepaid cost	4,964	(846,461)
Deferred outflows related to pension	198,363	-
Deferred outflows related to OPEB	50,152	-
Inventories	(470,177)	(24,250)
Increase (decrease) in liabilities:		
Accounts payable	3,533,624	(249,781)
Deposit payable	(157,623)	-
Unearned revenue	31,240	-
Self insurance payable	-	(18,000)
Net pension liability	714,682	-
OPEB liability	(154,582)	-
Deferred inflows related to pension	(29,482)	-
Deferred inflows related to OPEB	78,578	-
Compensated absences	111,292	95,396
Net cash provided by (used for) operating activities	**$ 27,010,521**	**$ (7,824,794)**
Non-Cash Investing, Capital, and Financing Activities:		
Developer contributed	$ 127,524	$ -
Amortization of bond premium/discount	(159,815)	-
Increase in retention payable	115,000	-

See accompanying Notes to the Basic Financial Statements

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, 2025

	Private-Purpose Trust Funds	
	Successor Agency of the Former RDA	Custodial Funds
Assets		
Pooled cash and investments [1]	$ 2,938,268	$ 480,360
Cash with fiscal agents [1]	5,527	-
Total assets	**2,943,795**	**480,360**
Liabilities		
Accounts payable	59,829	480,360
Accrued interest	627,867	-
Short term debt - due within one year	2,325,010	-
Long term debt - due in more than one year	45,996,473	-
Total liabilities	**49,009,179**	**480,360**
Net position		
Restricted for other purpose	(46,065,384)	-
Total net position	**$ (46,065,384)**	**$ -**

See accompanying Notes to the Basic Financial Statements:

[1] Note 12

City of Moreno Valley, California

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Private-Purpose Trust Funds	
	Successor Agency of the Former RDA	**Custodial Funds**
Additions		
Investment earnings		
Interest	$ 3,239	$ -
Total investment earnings	3,239	-
Revenues		
Taxes	4,273,140	-
Receipts from property owners	-	7,301,192
Total revenues	4,273,140	7,301,192
Total additions	**4,276,379**	**7,301,192**
Deductions		
Administrative expenses	255,755	-
Contractual services	59,828	-
Interest expenses	1,976,871	-
Due to trustee	-	417,200
Payments to trustee	-	6,883,992
Total deductions	**2,292,454**	**7,301,192**
Net increase (decrease) in fiduciary net position	1,983,925	-
Net position - beginning of year	(48,049,309)	-
Net position - end of year	**$ (46,065,384)**	**$ -**

See accompanying Notes to the Basic Financial Statements

Note 1. Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

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

Reporting Entity:

Accounting principles generally accepted in the United States of America require that these financial statements represent the City of Moreno Valley and its component units. A component unit is included in the primary government's financial statements if the governing body is substantively the same as that of the City or if the component unit provides services or other benefits almost entirely to the primary government. The component units discussed below are legally separate component units 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 Services 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 (Maintenance Services), 2023-01 (Public Safety), 5 (Stoneridge), and 7 (Improvement Area 1) were established pursuant to the terms and provisions of the Mello-Roos Community Facilities Act of 1982. Their purpose is to finance the acquisition, construction, or ongoing maintenance of certain major public capital infrastructure and improvements within the boundaries of the Community Facilities Districts and they are governed by City Council. Separate financial statements are not available for the Community Facilities Districts.
- The Moreno Valley Public Facilities Financing Corporation (MVPFFC) and the Moreno Valley Public Financing Authority (MVPFA) are nonprofit public benefit corporations, formed for the purpose of providing public facility financing to the City. The Corporations' Boards of Directors are each composed of the five elected City Council members. Both Corporations may acquire, construct, rehabilitate, remodel, improve, install and finance or lease various facilities, land and equipment for the benefit of the City. Separate financial statements are not available for the Public Facilities Financing Corporation and the Public Financing Authority.

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

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

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

b. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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.

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, workforce development facilities, public art and administrative fees. The City has elected to report this fund as a major fund.

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

The CSD Zones Special Revenue Fund accounts for restricted property taxes for the various Community Services District (CSD) programs. There are 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.

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.

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 Fund Balance

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.

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 three 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.

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:

Assets	Years
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, 2025.

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.

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 Absences, 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.

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

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.

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 SBITA 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.

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

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITA.
- 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.

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.

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

Assigned include amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The Chief Financial Officer is authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

Unassigned include the residual amounts that have not been restricted, committed, or assigned to specific purposes. General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

An individual governmental fund could include non-spendable resources and amounts that are restricted, committed, assigned, or unassigned or any combination of those classifications. Restricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Fund Balance Flow Assumptions:

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position Flow Assumption:

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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.

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

Property taxes received within 60 days after the City's fiscal year end are considered "measurable" and "available" and are accrued in the City's financial statements.

Pensions:

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB):

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Moreno Valley Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

e. Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2025, the City implemented the following GASB standard:

GASB Statement No. 102-Certain risk disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resource or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

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 fund level. Individual fund budgets consist of departmental budgets; departmental budgets may cross fund lines. Departmental budgets are comprised of the various operating program budgets.

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 fund. Management can transfer budgeted amounts between operating programs and departments, as long as these transfers are made at the line item level within each fund and do not result in an increase in the overall fund budget. Appropriations that increase the fund budget require City Council approval.

Note 2. Stewardship, Compliance and Accountability (Continued)

b. Excess Expenditures Over Appropriations

Excess of expenditures over appropriations in departments of individual funds are as follows:

Fund	Final Budget	Expenditures	Excess
General Fund			
General government			
City manager	$ 3,458,593	$ 4,896,069	$ 1,437,476
City attorney	1,094,769	1,711,469	616,700
Human resources	2,348,331	2,510,557	162,226
Non-departmental	(3,065,950)	5,002,854	8,068,804
Debt Service			
Principal retirement	-	961,354	961,354
Interest	-	60,452	60,452
Development Impact Fees			
General government			
Non-departmental	-	1,945,641	1,945,641
CSD Zones			
Community and cultural	19,195,729	20,925,802	1,730,073
Debt Service			
Principal retirement	-	177,952	177,952
Interest	-	55,945	55,945
Housing Authority			
Community and economic development	250,000	351,873	101,873
State Gasoline Tax			
Public works	4,430,822	4,780,034	349,212
Measure A			
Public works	2,222,939	2,332,498	109,559
Air Quality Management Fund			
Public works	251,076	257,968	6,892
Special Districts Administration Fund			
Public works	682,808	839,120	156,312
Child Care Grant			
Community and cultural	915,668	1,168,995	253,327
ASES Program Grant			
Community and cultural	9,348,716	9,360,211	11,495

Note 2. Stewardship, Compliance and Accountability

c. Fund Deficits

The following funds contained a deficit fund balance as of June 30, 2025:

Nonmajor Governmental Funds	
Special Revenue Funds:	
Capital Projects Grants	1,388,874
Capital Project Funds:	
TUMF Capital Projects	1,485

Note 3. Cash and Investments

As of June 30, 2025, cash and investments were reported in the accompanying financial statements as follows:

Governmental Activities	$ 378,887,100
Business-type Activities	92,740,548
Fiduciary Funds	3,424,155
Total Cash and Investments	$ 475,051,803

Cash and investments as of June 30, 2025, consist of the following:

Cash and cash equivalents	
Petty cash and cash boxes	$ 10,580
Demand deposits	2,193,187
Investments	467,174,596
Restricted	
Cash and investments	5,635,925
Cash with fiscal agents	37,515
Total cash and investments	$ 475,051,803

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on monthly cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

Deposits:

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local government agency. Accordingly, all collateral held by the California Agents of Depository are considered to be held for, and in the name of, the local government agency.

Note 3. Cash and Investments (Continued)

Investments 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.

Investments in California CLASS Investment Pool:

In January 2024, the City established an investment pool option with California CLASS (CLASS), in addition to LAIF. 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.

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.

Note 3. Cash and Investments (Continued)

Credit Risk:

The City's investment policy limits investments in medium term notes (MTN's) to those rated in the top category by two of the three largest nationally recognized rating services at the time of purchase (with split ratings, the lower rating must meet the standard). As of June 30, 2025, the City's investment in medium term notes consisted of investments with Amazon.com, Inc., Apple Inc., Berkshire Hathaway Inc., Cisco Systems, Inc., Deere & Company, Duke Energy Corporation, Guardian Life Global Funding, JPMorgan Chase & Co., Massachusetts Mutual Life Insurance, Merck & Co., Inc., Met Tower Global Funding, Metropolitan Life Global Funding I, New York Life Insurance Company, Northwestern Mutual Global Funding, PACCAR Inc, Prologis, Inc., Public Service Enterprise Group Incorporated, Realty Income Corporation, Royal Bank of Canada, The Charles Schwab Corporation, The Home Depot, Inc., The Toronto-Dominion Bank, Toyota Motor Corporation, UnitedHealth Group Incorporated, and Walmart Inc. As of June 30, 2025, 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, 2025, the City's investments in external investment pools and investment agreements are unrated.

Custodial Credit Risk:

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The carrying amount of the City's demand deposits was $2,193,187 at June 30, 2025. 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.

Note 3. Cash and Investments (Continued)

As of June 30, 2025, 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	$ 65,206,534	$ -	$ -	$ 65,206,534
California Class	146,434,295	-	-	146,434,295
US Treasury Notes	6,710,170	46,786,801	49,482,989	102,979,960
Corporate	5,679,832	19,278,126	41,880,555	66,838,513
US Agency	6,977,440	3,213,989	-	10,191,429
Asset Backed Security	66,904	4,560,416	14,753,248	19,380,568
Supranational	6,714,055	3,659,564	4,833,013	15,206,632
Collateralized Mortgage Obligations	241,193	13,340,082	15,810,320	29,391,595
Municipal Bonds	-	-	5,194,303	5,194,303
Money Market Funds	1,395,376	-	-	1,395,376
Money Market Funds	10,628,831	-	-	10,628,831
Totals	$ 250,054,630	$ 90,838,978	$ 131,954,428	$ 472,848,036

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, 2025, the City is in compliance with the investment policy restriction.

Note 3. Cash and Investments (Continued)

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	6.23%

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this.

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.

Note 3. Cash and Investments (Continued)

Fair Value Measurement:

The following table represents the City's fair value hierarchy for its financial assets measured at fair value on a recurring basis:

Investments by Fair Value Level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Asset Backed Security	$ 19,380,566	$ 19,380,566
Agency	10,191,429	10,191,429
Collateralized Mortgage Obligations	29,391,596	29,391,596
Corporate	66,838,511	66,838,511
Municipal Bonds	5,194,303	5,194,303
Supranationals	15,206,632	15,206,632
US Treasury Notes	102,979,963	102,979,963
Money Market Funds	1,395,376	1,395,376
Held by Trustee:		
Money Market Funds	10,628,831	10,628,831
Total	261,207,207	$ 261,207,207
Uncategorized:		
Local Agency Investment Fund	65,206,534	
California Class	146,434,295	
Total Uncategorized	211,640,829	
Total Investments measured at Fair Value	$ 472,848,036	

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.

Note 4. Notes, Loans, and Lease Receivables

a. Notes and Loans Receivable

Notes and loans receivables of $49,424,739 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, 2025, follows:

	Housing Authority	Nonmajor Governmental Funds	Total
Cottonwood Properties	$ 2,118,948	$ 2,008,280	$ 4,127,228
Sheila Street Rehabilitation	2,651,875	-	2,651,875
RHDC Properties	1,794,958	2,639,246	4,434,204
Coachella Valley Housing Coalition	1,043,287	-	1,043,287
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	1,520,943	7,820,943
Courtyards at Cottonwood	1,495,722	4,420,682	5,916,404
Others	341,028	5,664,853	6,005,881
Totals	$ 32,483,735	$ 16,941,004	$ 49,424,739

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, 2025, the balance of $7,938,341 consists of the following:

The Towngate Regional Mall notes (Sears Note) totaling $6,240,875 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, 2025, accrued interest amounts to $1,697,466.

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 34 years. The incremental borrowing rate ranges from 0.727% to 2.522%. For the year ended June 30, 2025, the City recognized $104,549 and $433,839 in lease revenue and $31,008 and $160,908 in interest revenue for General Fund and CSD Zones, respectively. The outstanding receivables are in the amount of $10,864,567 as of June 30, 2025.

	Governmental Activities		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 342,716	$ 201,707	$ 544,423
2027	334,373	196,034	530,407
2028	320,333	190,488	510,821
2029	339,960	184,718	524,678
2030	361,650	178,564	540,214
2031 - 2035	2,098,133	787,063	2,885,196
2036 - 2040	2,275,705	579,488	2,855,193
2041 - 2045	2,118,816	365,941	2,484,757
2046 - 2050	1,641,895	148,572	1,790,467
2051 - 2055	530,051	63,111	593,162
2056 - 2060	500,935	20,646	521,581
Totals	$ 10,864,567	$ 2,916,332	$ 13,780,899

Note 5. Capital Assets

The following is a schedule of changes in governmental activities capital assets for the year ended June 30, 2025.

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 307,413,609	$ -	$ -	$ 307,413,609
Construction in progress	64,614,301	40,276,614	(55,989,256)	48,901,659
Total non-depreciable assets	372,027,910	40,276,614	(55,989,256)	356,315,268
Depreciable and amortizable assets:				
Buildings and improvements	160,429,586	209,328	-	160,638,914
Furniture and equipment	34,177,364	397,263	(451,578)	34,123,049
Vehicles	14,085,399	3,159,123	(1,079,959)	16,164,563
Infrastructure	1,029,063,068	51,770,973	-	1,080,834,041
Lease assets - buildings and improvements	1,730,757	1,387,898	(105,451)	3,013,204
Lease assets - furniture and equipment	464,480	-	(464,480)	-
Lease assets - infrastructure	463,933	-	-	463,933
SBITA assets	2,722,591	2,652,905	(175,556)	5,199,940
Total depreciable and amortizable assets	1,243,137,178	59,577,491	(2,277,024)	1,300,437,644
Less Accumulated Depreciation/ Amortization:				
Buildings and improvements	(91,321,264)	(3,310,794)	-	(94,632,058)
Furniture and equipment	(20,752,187)	(2,816,429)	447,360	(23,121,256)
Vehicles	(10,165,065)	(1,299,420)	1,079,475	(10,385,010)
Infrastructure	(573,681,747)	(31,919,757)	-	(605,601,504)
Lease assets - buildings and improvements	(839,507)	(301,964)	-	(1,141,471)
Lease assets - furniture and equipment	(349,329)	(115,151)	464,480	-
Lease assets - infrastructure	(40,782)	(13,594)	-	(54,376)
SBITA assets	(1,326,039)	(1,073,912)	175,556	(2,224,395)
Total accumulated depreciation/ amortization	(698,475,920)	(40,851,021)	2,166,871	(737,160,070)
Total depreciable/amortized assets, net	544,661,258	18,726,470	(110,153)	563,277,574
Total net capital assets	$ 916,689,168	$ 59,003,084	$ (56,099,409)	$ 919,592,842

Note 5. Capital Assets (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	$ 2,902,938
Public Safety	1,443,558
Community and Economic Development	234,962
Community and Cultural	1,234,227
Public Works	33,819,827
Internal Service Funds	1,215,509
Total	$ 40,851,021

The following is a schedule of changes in business-type activities capital assets for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Non-depreciable assets:				
Land	$ 3,195,378	$ -	$ -	$ 3,195,378
Construction in progress	6,122,040	7,673,815	(5,658,461)	8,137,394
Total non-depreciable assets	9,317,418	7,673,815	(5,658,461)	11,332,772
Depreciable assets:				
Buildings and improvements	1,664,106	-	-	1,664,106
Furniture and Equipment	1,346,774	-	(391,741)	955,033
Infrastructure	96,883,839	3,362,270	-	100,246,109
Total depreciable assets	99,894,719	3,362,270	(391,741)	102,865,248
Less accumulated depreciation:				
Furniture and Equipment	(829,540)	(72,339)	164,857	(737,022)
Infrastructure	(24,207,856)	(2,934,557)	-	(27,142,413)
Total accumulated depreciation	(25,037,396)	(3,006,896)	164,857	(27,879,435)
Total depreciable assets, net	74,857,323	355,374	(226,884)	74,985,813
Total net capital assets	$ 84,174,741	$ 8,029,189	$ (5,885,345)	$ 86,318,585

Depreciation expense for business-type activities was charged as follows:

Electric Utility	$ 3,006,896

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, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Moreno Valley Public Facilities Financing Authority:					
Other Debt					
2014 Refunding of 2005 Lease Revenue Bonds	$ 21,304,899	$ -	$(21,304,899)	$ -	$ -
Unamortized premium/discount	798,985	-	(798,985)	-	-
2024 Refunding of 2014 Lease Revenue Bonds	-	19,645,416	(1,565,550)	18,079,866	1,274,805
Unamortized premium/discount	-	2,262,806	(205,710)	2,057,096	205,712
City:					
2020 Total Road Improvement Program COP’s	16,935,000	-	(980,000)	15,955,000	990,000
Leases	1,447,679	1,415,127	(466,076)	2,396,730	280,773
SBITA	1,115,005	2,640,005	(778,681)	2,976,329	928,116
Totals	$ 41,601,568	$ 25,963,354	$(26,099,901)	$ 41,465,021	$ 3,679,406

Other Debt

2024 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2024 in the original issue amount of $21,960,000 were issued for the purpose of paying off the outstanding portion of the 2014 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $21,960,000 originally issued, the portion for the electric utility infrastructure ($2,314,584) has been separated and is shown as long-term debt of the Electric Fund business-type activities. The bonds mature in serial fashion between November 2028 and November 2035 and bear interest of 5%. The bonds are not 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 August 1, 2024, 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 $1,328,946 ($140,071 attributable to the electric fund) and a reduction of $1,581,175 ($166,656 attributable to the electric fund) in future debt service payments.

Note 6. Long-term Debt (Continued)

The annual debt service requirements for the 2024 Refunding of 2014 Lease Revenue Bonds outstanding at June 30, 2025, are as follows:

	2024 Refunding of 2014 Lease Revenue Bonds		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$1,274,805	$872,123	$2,146,928
2027	1,328,481	807,041	2,135,522
2028	1,404,522	738,716	2,143,238
2029	1,471,617	666,812	2,138,429
2030	1,543,185	591,442	2,134,627
2031 - 2035	8,977,311	1,685,985	10,663,296
2036	2,079,945	51,999	2,131,944
Totals	$18,079,866	$5,414,118	$23,493,984

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 after June 2030. 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, 2025, are as follows:

	2020 Total Road Improvement Program Certificates of Participation		
Year Ending June 30,	**Principal**	**Interest**	**Total**
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	1,040,000	355,237	1,395,237
2030	1,060,000	334,240	1,394,240
2031 - 2035	5,685,000	1,290,909	6,975,909
2036 - 2039	5,160,000	424,664	5,584,664
Totals	$ 15,955,000	$ 3,575,275	$ 19,530,275

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 incremental borrowing rate ranges from 0.727% to 3.711%. For the year ended June 30, 2025, the City paid $234,988 and $231,088 in lease payment and $12,383 and $55,945 in interest payment for General Fund and CSD Zones, respectively. The outstanding payables are in the amount of $2,396,730 as of June 30, 2025.

Note 6. Long-term Debt (Continued)

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 280,773	$ 69,026	$ 349,799
2027	187,047	64,687	251,734
2028	168,191	61,190	229,381
2029	135,055	57,666	192,721
2030	61,576	55,167	116,743
2031 - 2035	391,154	237,973	629,127
2036 - 2040	515,572	156,481	672,053
2041 - 2045	469,968	58,807	528,775
2046 - 2050	78,700	20,240	98,940
2051 - 2055	89,403	9,537	98,940
2056	19,291	498	19,789
Totals	$ 2,396,730	$ 791,272	$ 3,188,002

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 5 years. The average incremental borrowing rate was 2.71%. For the year ended June 30, 2025, the City paid $778,681 in SBITA payment for General Fund and $48,070 in interest payment for General Fund. The outstanding payables are in the amount of $2,976,329 as of June 30, 2025.

	Governmental Activities		
Year Ending June 30,	Principal	Interest	Total
2026	$ 928,116	$ 81,465	$ 1,009,581
2027	492,347	56,447	548,794
2028	483,593	43,004	526,597
2029	518,024	29,638	547,662
2030	554,249	15,319	569,568
Totals	$ 2,976,329	$ 225,873	$ 3,202,202

Compensated Absences

At June 30, 2025, the amount of compensated absences liability was $10,337,302. This amount consists of $9,892,231 for governmental funds, and $445,071 for internal service funds.

	Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year
Compensated Absences:				
Governmental Funds	$ 9,321,340	$ 570,891	$ 9,892,231	$ 5,935,339
Internal Service Funds	349,675	95,396	445,071	267,042
Totals	$ 9,671,015	$ 666,287	$ 10,337,302	$ 6,202,381

Pension and OPEB Liability

Pension and OPEB obligations will be met from unrestricted revenues of the General Fund.

Note 6. Long-term Debt (Continued)

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, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Direct Placements					
Finance Leases - Streetlight Refinancing, 2021	$ 5,936,832	$ -	$ (506,055)	$ 5,430,777	$ 523,769
Other Debt					
Refunding Lease Revenue Bonds, 2014	2,510,101	-	(2,510,101)	-	-
Unamortized premium/discount	93,551	-	(93,551)	-	-
Lease Revenue Bonds, 2019	15,830,000	-	-	15,830,000	-
Unamortized premium/discount	(275,074)	-	11,003	(264,071)	(11,003)
Refunding Lease Revenue Bonds, 2021	26,360,000	-	(1,460,000)	24,900,000	1,470,000
Refunding Lease Revenue Bonds, 2024	-	2,314,584	(184,450)	2,130,134	150,195
Unamortized premium/discount	-	266,599	(24,236)	242,363	24,236
Totals	$ 50,455,410	$ 2,581,183	$ (4,767,390)	$ 48,269,203	$ 2,157,197

Direct Borrowing/Direct Placements

2021 Streetlight Refinancing

2021 Streetlight Refinancing in the original issue amount of $7,402,587 refinanced the remaining balance of the 2018 Streetlight Financing agreement. The original agreement funded the purchase of approximately 9,411 streetlights from Southern California Edison (SCE) and the retrofit of those lights, as well as the approximately 2,000 additional streetlights already owned by the City, 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, 2025, are as follows:

	2021 Streetlight Refinancing		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 523,769	$ 183,904	$ 707,673
2027	542,103	165,570	707,673
2028	561,078	146,595	707,673
2029	580,718	126,955	707,673
2030	601,045	106,628	707,673
2031 - 2034	2,622,064	208,629	2,830,693
Totals	$ 5,430,777	$ 938,281	$ 6,369,058

Note 6. Long-term Debt (Continued)

Other Debt

2019 Lease Revenue Bonds

2019 Lease Revenue Bonds (Taxable) in the original issue 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, 2025, are as follows:

	2019 Lease Revenue Bonds		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ -	$ 633,200	$ 633,200
2027	-	633,200	633,200
2028	-	633,200	633,200
2029	-	633,200	633,200
2030	-	633,200	633,200
2031 - 2035	-	3,166,000	3,166,000
2036 - 2040	2,085,000	3,125,000	5,210,000
2041 - 2045	6,005,000	2,287,600	8,292,600
2046 - 2049	7,740,000	827,600	8,567,600
Totals	$ 15,830,000	$ 12,572,200	$ 28,402,200

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. The 2015 Lease Revenue Bonds (Taxable) with the original issue amount of $10,430,000 were issued for the purpose of financing certain capital improvements of the City including installation of new electrical substation and associated feeders. The 2016 Refunding Lease Revenue Bonds with the original issue amount of $24,655,000 were issued for the purpose of retiring the outstanding portion of the 2007 Lease Revenue Bonds, as well as certain costs related to the issuance of the bonds.

The bonds are comprised of a combination of serial and term bonds with maturities between 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, 2025, are as follows:

	2021 Refunding Lease Revenue Bonds		
Year Ending June 30,	**Principal**	**Interest**	**Total**
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	1,535,000	542,633	2,077,633
2030	1,560,000	514,174	2,074,174
2031 - 2035	8,345,000	2,029,432	10,374,432
2036 - 2040	6,470,000	862,116	7,332,116
2041 - 2045	2,525,000	239,475	2,764,475
Totals	$ 24,900,000	$ 5,947,571	$ 30,847,571

Note 6. Long-term Debt (Continued)

2024 Refunding Lease Revenue Bonds

Refunding Lease Revenue Bonds 2024 in the original issue amount of $21,960 were issued for the purpose of paying off the outstanding portion of the 2014 Lease Revenue Bonds and certain costs related to the issuance of the Bonds. Of the $21,960,000 originally issued, the portion for the electric utility infrastructure ($2,314,584) has been separated and is shown as long-term debt for Electric Fund business-type activities. The bonds mature in serial fashion between November 2028 and November 2035 and bear interest of 5%. The bonds are not subject to optional redemption and are subject to mandatory redemption beginning 2035. The bonds are payable from lease payments made by the City under a project lease dated August 1, 2024, 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 $1,328,946 ($140,071 attributable to the electric fund) and a reduction of $1,581,175 ($166,656 attributable to the electric fund) in future debt service payments.

The annual debt service requirements for the 2024 Refunding of 2014 Lease Revenue Bonds outstanding at June 30, 2025, are as follows:

	2024 Refunding of 2014 Lease Revenue Bonds		
Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 150,195	$ 102,752	$ 252,947
2027	156,519	95,084	251,603
2028	165,478	87,034	252,512
2029	173,383	78,563	251,946
2030	181,815	69,683	251,498
2031 - 2035	1,057,689	198,640	1,256,329
2036	245,055	6,126	251,181
Totals	$ 2,130,134	$ 637,882	$ 2,768,016

Compensated Absences

At June 30, 2025, the amount of compensated absences liability totaled $350,023. Based on the current trend of usage, $210,014 is expected to be paid within one year.

	Balance July 1, 2024	**Net Change**	**Balance June 30, 2025**	**Due Within One Year**
Business type activities	$ 238,733	$ 111,290	$ 350,023	$ 210,014
Totals	$ 238,733	$ 111,290	$ 350,023	$ 210,014

Note 6. Long-term Debt (Continued)

c. Non-Commitment Debt

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.

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 1.00% 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, 2025 was $2,715,000.

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 rates range from 3.00% to 4.00%. The outstanding balance at June 30, 2025 was $4,180,000.

Note 7. Interfund Receivables, Payables and Transfers

a. Due To/From Other Funds

Due From Other Funds	Due To Other Funds: CSD Zones	Due To Other Funds: Nonmajor Governmental Funds	Due To Other Funds: Total
General Fund	$ 245,988	$ 10,612,008	$ 10,857,996
	$ 245,988	$ 10,612,008	$ 10,857,996

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, 2025, the CSD Zones Fund included $245,988 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:	
Storm Water Maintenance	$ 142,327
Child Care Grant	19,179
ASES Program Grant	671,143
Other Grants	48,571
Capital Projects Grants	7,490,115
Law Enforcement Grants	22,001
Community Development Block Grant	611,690
Emergency Solutions Grant	6,094
TUMF Capital Projects	1,600,888
Total	$ 10,612,008

b. Advances To/From Other Funds

Advances to Other Funds	Advances from Other Funds: Development Impact Fees
General Fund	$ 5,750,000
Internal Service Funds	20,147,223
	$ 25,897,223

The General Fund loaned $5,750,000 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, 2048.

Note 7. Interfund Receivables, Payables and Transfers (Continued)

The Internal Service Fund loaned $20,147,223 to the Development Impact Fees Fund to provide support for several capital projects. The repayment of this loan will occur as revenues are received.

c. Interfund Transfers

	Transfers In					
Transfers Out	General Fund	Development Impact Fees	CSD Zones	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
General Fund	$ -	$ -	$ 1,480,420	$ 2,664,409	$ 15,505,892	$ 19,650,721
Development Impact Fees	50,000	-	-	27,609,309	-	27,659,309
CSD Zones	18,092	-	-	1,822,467	-	1,840,560
Nonmajor Governmental Funds	690	1,329,830	15,963	33,160,155	-	34,506,638
Internal Service Funds	2,516,298	-	-	867,133	-	3,383,431
Totals	$ 2,585,080	$ 1,329,830	$ 1,496,383	$ 66,123,473	$ 15,505,892	$ 87,040,658

The General Fund transferred a total of $19,650,721, including $15,505,892 to Internal Service Funds to fund reserves for actuarial assumptions and future replacement of equipment, technology, and facilities.

The Development Impact Fees Fund transferred a total of $27,659,309 to Nonmajor Governmental Funds to provide support for several capital projects in the fiscal year.

The Nonmajor Governmental Funds transferred a total of $34,506,638, including $33,160,155 to Nonmajor Governmental Funds to provide support for several capital projects in the fiscal year.

The Internal Service Funds transferred a total of $3,383,431, including $2,516,298 to the General Fund to assist with replacing public safety vehicles.

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. Benefit 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.

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. PEPRA 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, 2025, are summarized as follows:

	Miscellaneous		
Hire Date	Prior to December 23, 2011	December 23, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit Formula	2.7% @ 55	2% @ 55	2% @ 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%	7.75%
Required employer contribution rates	19.85%	19.85%	19.85%

Note 8. Employee Pension Plan (Continued)

Employees Covered – At June 30, 2025, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Active Employees	334
Retired Employees	484
Inactive Employees	291

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

b. Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2023 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Normal Cost Method
Asset Valuation Method	Fair Value of Assets
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service [1]
Payroll Growth	2.8%
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses; includes inflation.
Mortality	Derived using CalPERS' Membership Data for all Funds

[1] Depending on age, service, and type of employment

Note 8. Employee Pension Plan (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023 valuation were based on the results of a 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Further details of the Experience Study can be found on the CalPERS website.

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.

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%)

(1) An 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, 2023 valuation date (2024 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 2023 CalPERS Experience Study and Review of Actuarial Assumptions.

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, 2023 (*Measurement Date*)	$ 270,687,477	$ 183,675,263	$ 87,012,214	$ 84,123,273	$ 2,888,941
Changes in the year:					
Service Cost	4,769,622	-	4,769,622	4,557,851	211,771
Interest on the Total Pension Liability	18,456,957	-	18,456,957	17,637,468	819,489
Differences between Expected and Actual Experience	1,422,588	-	1,422,588	1,359,425	63,163
Contributions - Employer	-	10,551,435	(10,551,435)	(10,082,951)	(468,484)
Contributions - Employees	-	2,308,151	(2,308,151)	(2,205,669)	(102,482)
Net Investment Income	-	17,788,583	(17,788,583)	(17,973,170)	184,587
Benefit Payments, including Refunds of Employee Contributions	(14,005,505)	(14,005,505)	-	-	-
Administrative Expense	-	(149,457)	149,457	142,821	6,636
Net Changes	10,643,662	16,493,207	(5,849,545)	(6,564,225)	714,680
Balance at June 30, 2024 (*Measurement Date*)	$ 281,331,139	$ 200,168,470	$ 81,162,669	$ 77,559,047	$ 3,603,622

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 one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate:

	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Plan's Net Pension Liability/(Asset)	$ 117,875,449	$ 81,162,669	$ 50,790,094

Note 8. Employee Pension Plan (Continued)

d. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the City recognized pension expense of $11,206,430 principally paid by General Fund and the Electric Utility. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date [(1)]	$ 3,908,584	$ -
Differences Between Expected and Actual Experience	1,651,207	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,551,600	-
	$ 8,111,391	$ -

[(1)] Contributions made after the measurement date will be recognized as a reduction of the net pension liability or collective net pension liability in the following fiscal period, rather than in the current period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30	
2026	$ 1,002,061
2027	5,062,061
2028	(827,032)
2029	(1,034,283)
2030	-

As of June 30, 2025, the City did not have outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

e. Amortization of Deferred Outflows and Deferred Inflows of Resources

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

Note 8. Employee Pension Plan (Continued)

All other amounts	The EARSL for the Plan for the measurement period ending June 30, 2024 is 2.8 years, which was obtained by dividing the total service years of 3,704 (the sum of remaining service lifetimes of the active employees) by 1,307 (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.

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 annual comprehensive 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 2025 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, 2024 (the census date), the following employees were covered by the benefit terms:

Category	Count
Inactive employees, spouses, or beneficiaries currently receiving benefit payments:	189
Inactive employees entitled to but not yet receiving benefit payments:	76
Active employees:	364

Contributions

The City establishes contributions based on the Actuarially Determined Contribution (ADC). For the year ended June 30, 2025, the City's ADC contribution rate was 11.42% 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.

Note 9. Other Post Employment Benefits (OPEB) (Continued)

Net OPEB Liability

The City's total OPEB liability was valued as of June 30, 2024 and was used to calculate the net OPEB liability measured as of June 30, 2024.

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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date:	**June 30, 2023**	**June 30, 2024**
Discount Rate	6.25%	6.40%
Investment Rate of Return	5.10%	6.40%
Inflation	2.30%	2.30%
Healthcare Cost Trend Rates		
Pre-Medicare	6.50%	6.80%*
Medicare	4.00%	4.90%*
Salary Increases	2.80%	2.80%**
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.

*Trending down to 4.04% over 51 years. Applies to calendar years.

**Additional merit-based increases based on CalPERS merit salary increase tables.

Changes of Assumptions

For the measurement period ending June 30, 2024, the investment rate of return was changed to 6.40%.

Note 9. Other Post Employment Benefits (OPEB) (Continued)

Discount rate

The discount rate used to measure the total OPEB liability is 6.40%. 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, 2024. The target allocation and the arithmetic expected return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Real Rates of Return
Global Equity	49%	6.90%
Fixed Income	23%	4.10%
REITS	20%	6.30%
TIPS	5%	3.90%
Commodities	3%	4.60%

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, 2024	$ 19,850,831	$ 16,430,996	$ 3,419,835
Changes for the year:			
Service Cost	521,624	-	521,624
Interest	1,235,326	-	1,235,326
Differences Between Expected and Actual	(219,954)	-	(219,954)
Changes of Assumptions	(1,546,667)	-	(1,546,667)
Employer - City's Contributions	-	1,992,364	(1,992,364)
Employer - Implicit Subsidy	-	368,757	(368,757)
Net Investment Income	-	1,901,587	(1,901,587)
Benefit Payments	(845,729)	(845,729)	-
Implicit Subsidy	(368,757)	(368,757)	-
Administrative Expense	-	(5,711)	5,711
Other Miscellaneous Income/ (Expense)	-	6,467	(6,467)
Net Changes	(1,224,157)	3,048,978	(4,273,135)
Balance as of fiscal year end June 30, 2025	$ 18,626,674	$ 19,479,974	$ (853,300)

Note 9. Other Post Employment Benefits (OPEB) (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate

The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 5.40% or one percentage point higher 7.40% follows:

	1% Decrease 5.40%	Discount Rate 6.40%	1% Increase 7.40%
Net OPEB Liability (Asset)	$ 1,059,679	$ (853,300)	$ (2,489,085)

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 5.80% or one percentage point higher 7.80% than current healthcare cost trend rates follows:

	1% Decrease 5.80%	Trend Rate 6.80%	1% Increase 7.80%
Net OPEB Liability (Asset)	$ (1,191,079)	$ (853,300)	$ (483,782)

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the year ended June 30, 2025, the City recognized an OPEB expense of $515,736. At June 30, 2025, 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	$ 85,676	$ (1,344,389)
Changes of Assumptions	480,200	(1,686,589)
Net Difference Between Projected and Actual Earnings on Plan Investments	-	(45,948)
Contributions Subsequent to the Measurement Date [1]	1,406,963	-
	$ 1,972,839	$ (3,076,926)

[1] Contributions made after the measurement date will be recognized as a reduction of the net OPEB liability or collective net OPEB liability in the following fiscal period, rather than in the current period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30	
2026	$ (390,794)
2027	(159,365)
2028	(784,941)
2029	(527,449)
2030	(223,624)
Remaining	(424,877)

Note 10. Commitments and Contingencies

a. Construction Commitments

The following material construction commitments existed at June 30, 2025:

Project Name	Contract Amount	Expenditures to date as of 6/30/2025	Remaining Commitments
Governmental Activities			
Moreno Valley Museum & Artspace	$ 10,000,000	$ 6,250,000	$ 3,750,000
Juan Bautista de Anza Multi-Use Trail - ATP 4	6,544,493	5,631,860	912,633
Citywide Pavement Rehab Program (FY 23/24)	11,318,015	1,307,917	10,010,098
Corporate Yard Office Building F	5,670,316	576,800	5,093,516
Gateway Park Revitalization Project - Dog Park	1,846,010	145,389	1,700,621
Indian Street/ Cardinal Avenue Bridge (Over Lateral A)	1,589,548	490,717	1,098,831
Moreno MDP Line K/ Reche Canyon Dentention-Debris Basin	849,781	38,292	811,489
Pump Track at Morrison Park	8,753,539	4,822,363	3,931,176
Senior Center Expansion	6,258,412	1,822,326	4,436,086
SR-60/ Redlands Boulevard Interchange	2,231,876	350,803	1,881,073
Other projects	51,806,798	46,216,446	5,590,352
Electric Utility			
Ironwood Line Extension	$ 2,764,528	$ -	$ 2,764,528
Other projects	23,003,592	21,705,185	1,298,407

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, 2025, 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.

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.

Agreement Years	Tax Abatement Rate
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.

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 $2,515,000 and $2,007,000 for the general liability claims and workers' compensation claims, respectively, for a total of $4,522,000. Of these amounts, the current year's adjustment is a decrease of $18,000.

Note 11. Self-Insurance (Continued)

A reconciliation of changes in aggregate liabilities for claims for the current fiscal year and the prior fiscal year is as follows:

	General Liability Insurance	Workers' Compensation Insurance	Total
Amounts of accrued claims at June 30, 2023	$ 2,497,000	$ 1,537,000	$ 4,034,000
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.	610,990	747,824	1,358,814
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	(280,990)	(571,824)	(852,814)
Amount of accrued claims at June 30, 2024	2,827,000	1,713,000	4,540,000
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.	(251,273)	806,570	555,297
Payments on claims attributable to events of both the current fiscal year and prior fiscal years.	(60,727)	(512,570)	(573,297)
Amount of accrued claims at June 30, 2025	$ 2,515,000	$ 2,007,000	$ 4,522,000

Note 12. Successor Agency Trust for Assets of the Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill X1 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Moreno Valley that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The City acts as the Successor Agency for the former redevelopment agency and accounts for its activities in a private purpose trust fund.

Cash and Investments

Cash and investments of the Successor Agency reported in the accompanying financial statements consisted of the following:

Cash and Investments	$ 2,938,268
Cash and Investments with Fiscal Agent	5,527
	$ 2,943,795

The Successor Agency's cash and investments are pooled with the City's cash and investments in order to generate optimum interest income. The share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City's pooled cash and investments is reported in Note 3.

Note 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, 2025, follows:

	Balance July 1, 2024	Additions	Repayments	Balance June 30, 2025	Due Within One Year
Fiduciary Activities					
City loans - Principal	$ 6,836,015	$ -	$ (595,140)	$ 6,240,875	$ 595,140
City loans - Interest	1,865,326	-	(167,860)	1,697,466	167,860
2017 Ref of the 2007 TABs, Series A	38,045,000	-	-	38,045,000	1,395,000
Unamortized premium	2,505,152	-	(167,010)	2,338,142	167,010
Totals	$ 48,321,483	$ -	$ (930,010)	$ 48,321,483	$ 2,325,010

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, 2025, the outstanding principal and accrued interest balances are $6,240,875 and $1,697,466, respectively.

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.

Note 12. Successor Agency Trust for Assets of the Former Redevelopment Agency (Continued)

The annual debt service requirements for the 2017 Tax Allocation Bonds Series A outstanding at June 30, 2025, are as follows:

	2017 Tax Allocation Bonds Series A		
Year Ending June 30,	Principal	Interest	Total
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	2,250,000	1,185,331	3,435,331
2030	2,360,000	1,070,081	3,430,081
2031 - 2035	14,315,000	3,468,981	17,783,981
2036 - 2039	13,535,000	860,091	14,395,091
Totals	$ 38,045,000	$ 10,758,628	$ 48,803,628

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 decease 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 $48,803,628 with annual debt service requirements as indicated in the previous chart. For the current year, the total property tax revenue recognized by the Successor Agency for the payment of indebtedness incurred by the dissolved redevelopment agency was $4,273,140 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, 2025, 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. Adjustment - Restatement

The Capital Projects Grants Fund was previously reported as a major governmental fund during the prior fiscal year. Due to decreases in assets and liabilities of the fund during the year, it did not meet the requirement of being presented as a major fund, in accordance with GASB Statement No. 34, during the fiscal year ended June 30, 2025. The effects of that change to or within the financial reporting entity are shown in the table below.

	June 30, 2024 As Previously Reported	Changes to or within Reporting Entity	June 30, 2024 As Restated
Governmental funds			
Major funds			
Capital Projects Grants	$ (994,866)	$ 994,866	$ -
Nonmajor funds	88,688,210	(994,866)	87,693,344
Total governmental funds	$ 87,693,344	$ -	$ 87,693,344

Note 14. Subsequent Events

The City has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 5, 2025, 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
DECEMBER 3, 1984

City of Moreno Valley, California

Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Years*

	Measurement Period ended June 30									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	$ 4,630,703	$ 4,122,713	$ 3,836,160	$ 4,154,188	$ 4,096,701	$ 4,421,787	$ 4,706,624	$ 4,410,902	$ 4,610,295	$ 4,769,622
Intereston Total Pension Liability	11,785,648	12,457,642	12,991,903	13,608,182	14,018,703	15,737,260	16,516,203	16,903,144	17,744,011	18,456,957
Changes of Benefit Terms	-	-	-	-	-	-	-	-	306,426	-
Changes of Assumptions	-	(3,142,601)	-	11,559,898	(1,695,079)	-	-	8,512,485	-	-
Difference Between Expected and Actual Experience	-	(1,159,680)	(2,531,675)	(566,196)	(2,163,560)	1,544,561	876,743	(4,439,439)	2,841,506	1,422,588
Benefit Payments, Including Refunds of Employee Contributions	(5,670,706)	(6,643,394)	(7,199,811)	(7,770,872)	(8,495,988)	(9,934,145)	(10,633,661)	(11,707,851)	(13,042,533)	(14,005,505)
Net Change in Total Pension Liability	10,745,645	5,634,680	7,096,577	20,985,200	5,760,777	11,769,463	11,465,909	13,679,241	12,459,705	10,643,662
Total Pension Liability - Beginning	157,661,972	168,407,617	174,042,297	181,138,874	202,124,074	221,313,159	233,082,622	244,548,531	258,227,772	270,687,477
Total Pension Liability - Ending (a)	$ 168,407,617	$ 174,042,297	$ 181,138,874	$ 202,124,074	$ 207,884,851	$ 233,082,622	$ 244,548,531	$ 258,227,772	$ 270,687,477	$ 281,331,139
Plan Fiduciary Net Position										
Contributions - Employer	$ 4,620,745	$ 4,923,787	$ 5,086,125	$ 5,743,170	$ 6,385,610	$ 7,971,246	$ 8,002,625	$ 9,026,559	$ 10,016,695	$ 10,551,435
Contributions - Employee	1,934,518	1,688,857	1,705,426	1,676,844	1,721,640	1,801,643	1,414,837	1,659,557	1,787,788	2,308,151
Net Investment Income	16,911,034	2,629,698	639,392	13,032,362	11,053,578	7,444,800	35,531,661	(14,386,583)	10,916,480	17,788,583
Benefit Payments, Including Refunds of Employee Contributions	(5,670,706)	(6,643,394)	(7,199,811)	(7,770,872)	(8,495,988)	(9,934,145)	(10,633,661)	(11,707,851)	(13,042,533)	(14,005,505)
Net Plan to Plan Resource Movement	-	-	-	(7,368)	(323)	-	-	-	-	-
Administrative Expense	-	(132,025)	(71,338)	(173,057)	(202,130)	(209,231)	(155,326)	(118,141)	(128,043)	(149,457)
Other Miscellaneous Income/(Expense)	-	-	-	-	(383,849)	-	-	-	-	-
Net Change in Fiduciary Net Position	17,795,591	2,466,923	159,794	12,501,079	10,078,538	7,074,313	34,160,136	(15,526,459)	9,550,387	16,493,207
Plan Fiduciary Net Position - Beginning	96,790,659	114,586,250	117,053,173	117,212,967	129,714,046	148,416,886	155,491,199	189,651,335	174,124,876	183,675,263
Plan Fiduciary Net Position - Ending (b)	$ 114,586,250	$ 117,053,173	$ 117,212,967	$ 129,714,046	$ 139,792,584	$ 155,491,199	$ 189,651,335	$ 174,124,876	$ 183,675,263	$ 200,168,470
Plan Net Pension Liability/(Asset) - (a)-(b)	$ 53,821,367	$ 56,989,124	$ 63,925,907	$ 72,410,028	$ 68,092,267	$ 77,591,423	$ 54,897,196	$ 84,102,896	$ 87,012,214	$ 81,162,669
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.04%	67.26%	64.71%	64.18%	67.25%	66.71%	77.55%	67.43%	67.86%	71.15%
Covered Payroll	$ 23,278,052	$ 22,079,654	$ 20,814,759	$ 20,793,815	$ 20,860,026	$ 23,174,982	$ 24,680,774	$ 21,728,582	$ 23,776,664	$ 25,343,369
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	231.21%	258.11%	307.12%	348.23%	326.42%	334.81%	222.43%	387.06%	365.96%	320.25%

Notes to Schedule:

Changes of Benefit Terms: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the Valuation Date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. In 2022, SB 1168 increased the standard retiree lump sum death benefit from $500 to $2,000 for any death occurring on or after July 1, 2023. The impact, if any, is included in the changes of benefit terms.

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 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. In addition, demographic assumptions and the price inflation 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 June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 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									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Actuarially Determined Contribution	$ 5,081,663	$ 5,738,708	$ 6,385,610	$ 7,094,031	$ 7,971,246	$ 8,002,625	$ 9,026,559	$ 10,016,695	$ 10,551,435	$ 11,638,621
Contributions in Relation to the Actuarially Determined Contribution	(5,086,125)	(5,743,170)	(6,385,610)	(7,094,031)	(7,971,246)	(8,002,625)	(9,026,559)	(10,016,695)	(10,551,435)	(11,638,621)
Contribution Deficiency (Excess)	$ (4,462)	$ (4,462)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 20,814,759	$ 20,793,815	$ 20,860,026	$ 21,783,847	$ 23,174,982	$ 24,680,774	$ 21,728,582	$ 23,776,664	$ 25,343,369	$ 32,226,538
Contributions as a Percentage of Covered Payroll	24.44%	27.62%	30.61%	32.57%	34.40%	32.42%	41.54%	42.13%	41.63%	36.12%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2023-24 were derived from the June 30, 2021 funding valuation report.

Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method/Period	For details, see June 30, 2021, funding valuation report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2021, funding valuation report.
Actuarial assumptions:	
Inflation	2.30%
Salary Increases	Varies by entry age and service
Payroll Growth	2.80%
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	The probabilities of retirement are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.
Mortality	The probabilities of mortalityare based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortalityimprovement using 80% of Scale MP-2020 published bythe 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*

	2017	2018	2018 [1]	2019	2020	2021	2022	2023	2024
Total OPEB Liability (TOL)									
Service Cost	$ 397,604	$ 409,532	$ -	$ 360,905	$ 459,956	$ 441,404	$ 453,543	$ 532,469	$ 521,624
Interest on TOL and Service Cost	1,103,301	1,149,342	-	1,212,957	1,178,040	1,250,876	1,272,484	1,189,947	1,235,326
Difference between expected & actual experience	-	-	135,598	(200,112)	475,121	(352,233)	(1,910,420)	(78,408)	(219,954)
Changes of assumptions or other inputs	-	-	(854,050)	1,961,763	109,418	29,971	438,727	(503,557)	(1,546,667)
Benefit payments	(977,892)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(1,054,058)	(821,387)	(845,729)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)	(357,836)	(368,757)
Net change in total OPEB liability	523,013	572,540	(691,986)	2,350,888	1,201,143	344,401	(1,058,286)	(38,772)	(1,224,157)
Total OPEB liability - beginning of year	16,389,328	16,912,341	17,484,881	16,792,895	19,143,783	20,344,926	20,689,327	19,889,603	19,850,831 **
Total OPEB liability - end of year (a)	$ 16,912,341	$ 17,484,881	$ 16,792,895	$ 19,143,783	$ 20,344,926	$ 20,689,327	$ 19,631,041	$ 19,850,831	$ 18,626,674
Plan Fiduciary Net Position									
Net investment income	$ 1,450,417	$ 423,688	$ (72,538)	$ 670,718	$ 421,628	$ 3,309,203	$ (2,206,130)	$ 918,976	$ 1,901,587
Contributions - employer	1,116,747	642,216	-	661,483	631,564	1,576,755	1,747,036	2,188,695	1,992,364
Employer - implicit subsidy	-	285,661	-	295,036	302,476	261,323	258,562	357,836	368,757
Benefit payments, including refunds of employee contributions	(977,892)	(700,673)	26,466	(689,589)	(718,916)	(764,294)	(1,054,058)	(821,387)	(845,729)
Implicit rate subsidy fulfilled	-	(285,661)	-	(295,036)	(302,476)	(261,323)	(258,562)	(357,836)	(368,757)
Trust administrative expenses	(4,601)	(5,244)	(66)	(2,350)	(5,640)	(4,560)	(4,116)	(7,612)	(5,711)
Other additions	-	-	-	(10,898)	-	-	-	(3,482)	6,467
Net change in plan fiduciary net position	1,584,671	359,987	(46,138)	629,364	328,636	4,117,104	(1,517,268)	2,275,190	3,048,978
Plan fiduciary net position - beginning of year	8,440,888	10,025,559	10,385,546	10,339,408	10,968,772	11,297,408	15,414,512	14,155,806	16,430,996 **
Plan fiduciary net position - end of year (b)	$ 10,025,559	$ 10,385,546	$ 10,339,408	$ 10,968,772	$ 11,297,408	$ 15,414,512	$ 13,897,244	$ 16,430,996	$ 19,479,974
Net OPEB liability - end of year (a)-(b)	$ 6,886,782	$ 7,099,335	$ 6,453,487	$ 8,175,011	$ 9,047,518	$ 5,274,815	$ 5,733,797	$ 3,419,835	$ (853,300)
FNP as % of TOL	59.30%	59.40%	61.60%	57.30%	55.50%	74.50%	71.20%	82.80%	104.60%
Covered payroll - measurement period	$ 21,269,539	$ 20,129,158	$ 20,682,710	$ 24,421,260	$ 21,287,842	$ 23,236,495	$ 24,579,873	$ 22,296,347	$ 28,941,720
NOL as % of covered payroll	32.40%	35.30%	31.20%	33.50%	42.50%	22.70%	23.30%	15.30%	(2.90%)

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.

** Beginning balance restated per GASB 75 OPEB Valuation Report Measured as of June 30, 2023

City of Moreno Valley, California

Schedule of Contributions - OPEB
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially Determined Contribution (ADC)	$ 642,132	$ 659,902	$ -	$ 908,656	$ 1,114,937	$ 1,367,308	$ 1,405,197	$ 1,090,184	$ 793,133
Contributions in relation to the ADC	(1,116,747)	(927,877)	(956,519)	(934,040)	(1,838,078)	(2,005,598)	(1,367,308)	(2,546,531)	(1,406,963)
Contribution deficiency / (excess)	$ (474,615)	$ (267,975)	$ (956,519)	$ (25,384)	$ (723,141)	$ (638,290)	$ 37,889	$ (1,456,347)	$ (613,830)
Covered-employee payroll - employer fiscal year	$ 21,269,539	$ 20,682,710	$ 24,421,260	$ 21,287,842	$ 23,236,495	$ 24,579,873	$ 22,296,347	$ 28,941,720	$ 29,752,088
Contributions as a % of covered-employee payroll	5.30%	4.50%	3.90%	4.40%	7.90%	8.20%	6.10%	8.80%	4.73%

Notes to Schedule:

* 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.

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	19 years
Inflation	2.30%
Payroll growth	2.80%
Healthcare trend rates	6.80%, trending down to 4.04%
Rate of Return on Assets	6.40%
Mortality rate	CalPERS rates. See appendix.
Retirement rates	CalPERS rates. See appendix.

City of Moreno Valley, California

Schedule of Investment Returns - OPEB
Last Ten Years*

	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual money-weighted rate of return, net of investment expense	9.77%	10.24%	-0.70%	6.72%	3.86%	28.28%	-13.89%	6.19%	11.18%

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

DECEMBER 3, 1984

City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

Supplemental Schedules

FISCAL YEAR ENDED JUNE 30, 2025

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

MORENO VALLEY, CALIFORNIA

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.

Emergency Services Agency Fines Fund
This fund is used to account for the financial transactions involving American Medical Response (AMR) fines received by the City, which are to be used only to fund the purchase of various equipment needed by the Fire Department.

Energy Efficiency Revolving Fund
This fund is used to account for cost-effective energy efficiency programs and projects with the use of utility rebates and incentives.

General Plan Amendments Fund
This fund is used to account for revenues and expenditures related to support future General Plan Amendments.

SPECIAL REVENUE FUNDS (CONTINUED):

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.

Traffic Signal Mitigation Fund
This fund is used to account for revenues collected for In-Lieu Mitigation Fees and Fair-Share Contributions restricted for traffic signal projects.

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

This fund is used to account for capital projects financed by grants.

Law Enforcement Grants Fund
This fund is used to account for revenue received 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.

SPECIAL REVENUE FUNDS (CONTINUED):

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.

Note this fund had no legally adopted budget adopted in FY 2024-2025.

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.

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.

Traffic Signal Projects Fund
This fund is used to account for traffic signal projects funded by restricted revenues received from traffic signal 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.

CAPITAL PROJECTS FUNDS (CONTINUED):

Public Works Capital Projects Fund
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).

DEBT SERVICE FUNDS:

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.

Note this fund had an original budget that was amended to zero, no other activity or balance sheet balance in FY 2024-2025.

2024 Refunding of 2014 Lease Revenue Bonds
This fund is used to account for the accumulation of resources and for the payment of the refinancing of the 2014 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.

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.

PERMANENT FUNDS (CONTINUED):

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, 2025

	Special Revenue Funds			
	State Gasoline Tax	Measure A	Air Quality Management Fund	Special Districts Administration Fund
Assets				
Pooled cash and investments	$ 11,545,922	$ 12,719,574	$ 320,435	$ 3,288,520
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	1,499,195	1,100,624	75,480	-
Prepaid	4,046	-	-	1,032
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 13,049,163**	**$ 13,820,198**	**$ 395,915**	**$ 3,289,552**
Liabilities				
Accounts payable	$ 347,426	$ 341,091	$ 305	$ 5,285
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**347,426**	**341,091**	**305**	**5,285**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	4,046	-	-	1,032
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	12,697,691	13,479,107	395,610	3,283,235
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**12,701,737**	**13,479,107**	**395,610**	**3,284,267**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 13,049,163**	**$ 13,820,198**	**$ 395,915**	**$ 3,289,552**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			(Continued)
	Storm Water Maintenance	Storm Water Management	CFD No. 4-M	Public Education Government Access
Assets				
Pooled cash and investments	$ -	$ 2,825,016	$ 201,631	$ 12,285
Receivables				
Accounts	-	-	-	77,478
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	277,201	20,910	-	-
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 277,201**	**$ 2,845,926**	**$ 201,631**	**$ 89,763**
Liabilities				
Accounts payable	$ 6,521	$ 95,760	$ -	$ 10,253
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	142,327	-	-	-
Total liabilities	**148,848**	**95,760**	**-**	**10,253**
Deferred inflows of resources				
Unavailable revenues	-	11,388	-	-
Total deferred inflows of resources	**-**	**11,388**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	79,510
Public safety	-	-	-	-
Public works	128,353	-	201,631	-
Capital projects	-	-	-	-
Water quality	-	2,738,778	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**128,353**	**2,738,778**	**201,631**	**79,510**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 277,201**	**$ 2,845,926**	**$ 201,631**	**$ 89,763**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	Emergency Services Agency Fines	Energy Efficiency Revolving	General Plan Amendments	Quimby In-Lieu Park Fees
Assets				
Pooled cash and investments	$ 1,016,898	$ 149,434	$ 437,008	$ 1,673,733
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 1,016,898**	**$ 149,434**	**$ 437,008**	**$ 1,673,733**
Liabilities				
Accounts payable	$ -	$ -	$ 104,656	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**104,656**	**-**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	1,673,733
Public safety	1,016,898	-	-	-
Public works	-	149,434	332,352	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**1,016,898**	**149,434**	**332,352**	**1,673,733**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 1,016,898**	**$ 149,434**	**$ 437,008**	**$ 1,673,733**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			(Continued)
	Recycling Programs	Traffic Signal Mitigation	CFD No. 2014-01	Child Care Grant
Assets				
Pooled cash and investments	$ 195,519	$ 3,429,824	$ 1,868,181	$ 166,476
Receivables				
Accounts	40,161	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	7,821	42,039
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 235,680**	**$ 3,429,824**	**$ 1,876,002**	**$ 208,515**
Liabilities				
Accounts payable	$ -	$ -	$ 8,416	$ 16,442
Accrued liabilities	-	-	-	164,601
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	19,179
Total liabilities	**-**	**-**	**8,416**	**200,222**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	8,293
Public safety	-	-	-	-
Public works	235,680	3,429,824	1,867,586	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**235,680**	**3,429,824**	**1,867,586**	**8,293**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 235,680**	**$ 3,429,824**	**$ 1,876,002**	**$ 208,515**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			
	ASES Program Grant	Used Oil Recycling Grant	Other Grants	Capital Projects Grants
Assets				
Pooled cash and investments	$ -	$ 27,521	$ 2,333,133	$ 4,564
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	702,016	-	925,615	7,035,688
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 702,016**	**$ 27,521**	**$ 3,258,748**	**$ 7,040,252**
Liabilities				
Accounts payable	$ 1,064	$ 6,025	$ 256,393	$ 939,011
Accrued liabilities	-	-	-	-
Unearned revenues	-	21,496	2,372,645	-
Due to other funds	671,143	-	48,571	7,490,115
Total liabilities	**672,207**	**27,521**	**2,677,609**	**8,429,126**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	29,809	-	-	-
Public safety	-	-	-	-
Public works	-	-	581,139	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	(1,388,874)
Total fund balances (deficits)	**29,809**	**-**	**581,139**	**(1,388,874)**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 702,016**	**$ 27,521**	**$ 3,258,748**	**$ 7,040,252**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Funds			(Continued)
	Law Enforcement Grants	HOME	Neighborhood Stabilization Grant	Community Development Block Grant
Assets				
Pooled cash and investments	$ 13,427	$ 828,069	$ -	$ -
Receivables				
Accounts	-	-	-	-
Notes and loans	-	7,562,222	9,378,782	-
Interest	-	402,896	167,803	-
Due from other governments	22,001	146,553	-	1,261,040
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 35,428**	**$ 8,939,740**	**$ 9,546,585**	**$ 1,261,040**
Liabilities				
Accounts payable	$ 13,427	$ 126,623	$ -	$ 273,676
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	22,001	-	-	611,690
Total liabilities	**35,428**	**126,623**	**-**	**885,366**
Deferred inflows of resources				
Unavailable revenues	-	2,733,005	9,546,585	-
Total deferred inflows of resources	**-**	**2,733,005**	**9,546,585**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	6,080,112	-	375,674
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**-**	**6,080,112**	**-**	**375,674**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 35,428**	**$ 8,939,740**	**$ 9,546,585**	**$ 1,261,040**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue Fund		Capital Projects Funds	
	Emergency Solutions Grant	Article 3 Transportation	Facility Construction	TUMF Capital Projects
Assets				
Pooled cash and investments	$ -	$ -	$ 19,486,678	$ -
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	74,162	-	-	2,271,413
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 74,162**	**$ -**	**$ 19,486,678**	**$ 2,271,413**
Liabilities				
Accounts payable	$ 68,068	$ -	$ 813,369	$ 672,010
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	6,094	-	-	1,600,888
Total liabilities	**74,162**	**-**	**813,369**	**2,272,898**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	18,673,309	-
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	(1,485)
Total fund balances (deficits)	**-**	**-**	**18,673,309**	**(1,485)**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 74,162**	**$ -**	**$ 19,486,678**	**$ 2,271,413**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Capital Projects Funds			(Continued)
	Traffic Signal Projects	Parks and Community Services Development and Capital Projects	DIF Capital Projects	Public Works Capital Projects
Assets				
Pooled cash and investments	$ 70,000	$ 14,687,051	$ 1,878,049	$ 12,760,797
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 70,000**	**$ 14,687,051**	**$ 1,878,049**	**$ 12,760,797**
Liabilities				
Accounts payable	$ -	$ 1,700,860	$ 274,385	$ 1,392,997
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	3,200,980
Due to other funds	-	-	-	-
Total liabilities	**-**	**1,700,860**	**274,385**	**4,593,977**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	70,000	12,986,191	1,603,664	8,166,820
Water quality	-	-	-	-
Debt service	-	-	-	-
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**70,000**	**12,986,191**	**1,603,664**	**8,166,820**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 70,000**	**$ 14,687,051**	**$ 1,878,049**	**$ 12,760,797**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Debt Service Funds			
	2014 Refunding of 2005 Lease Revenue Bonds	2020 Refunding of TRIP COP 13A	2011 Private Place Refunding 97 Lease Revenue Bonds	2024 Refunding of 2014 Lease Revenue Bonds
Assets				
Pooled cash and investments	$ -	$ -	$ -	$ 6,012,023
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	14,649	-	11,628
Total assets	**$ -**	**$ 14,649**	**$ -**	**$ 6,023,651**
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
Permanent fund principal	-	-	-	-
Restricted				
Community development projects	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Capital projects	-	-	-	-
Water quality	-	-	-	-
Debt service	-	14,649	-	6,023,651
Endowment	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	**-**	**14,649**	**-**	**6,023,651**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ -**	**$ 14,649**	**$ -**	**$ 6,023,651**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Permanent Funds			(Continued)
	Celebration Park Endowment	Equestrian Trail Endowment	Rockridge Park Endowment	NPDES Endowment
Assets				
Pooled cash and investments	$ 58,220	$ 13,241	$ 122,474	$ 33,458
Receivables				
Accounts	-	-	-	-
Notes and loans	-	-	-	-
Interest	-	-	-	-
Due from other governments	-	-	-	-
Prepaid	-	-	-	-
Restricted assets				
Cash with fiscal agents	-	-	-	-
Total assets	**$ 58,220**	**$ 13,241**	**$ 122,474**	**$ 33,458**
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	**-**	**-**	**-**	**-**
Deferred inflows of resources				
Unavailable revenues	-	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**	**-**
Fund balances (deficits)				
Nonspendable				
Prepaids	-	-	-	-
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	9,170	3,241	22,474	18,952
Unassigned	-	-	-	-
Total fund balances (deficits)	**58,220**	**13,241**	**122,474**	**33,458**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 58,220**	**$ 13,241**	**$ 122,474**	**$ 33,458**

City of Moreno Valley, California

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Permanent Funds	(Concluded)
	Cultural Preservation	Total Nonmajor Governmental Funds
Assets		
Pooled cash and investments	$ 142,956	$ 98,322,117
Receivables		
Accounts	-	117,639
Notes and loans	-	16,941,004
Interest	-	570,699
Due from other governments	-	15,461,758
Prepaid	-	5,078
Restricted assets		
Cash with fiscal agents	-	26,277
Total assets	**$ 142,956**	**$ 131,444,572**
Liabilities		
Accounts payable	$ -	7,474,063
Accrued liabilities	-	164,601
Unearned revenues	-	5,595,121
Due to other funds	-	10,612,008
Total liabilities	**-**	**23,845,793**
Deferred inflows of resources		
Unavailable revenues	-	12,290,978
Total deferred inflows of resources	**-**	**12,290,978**
Fund balances (deficits)		
Nonspendable		
Prepaids	-	5,078
Permanent fund principal	114,542	288,098
Restricted		
Community development projects	-	8,247,131
Public safety	-	1,016,898
Public works	-	36,781,642
Capital projects	-	41,499,984
Water quality	-	2,738,778
Debt service	-	6,038,300
Endowment	28,414	82,251
Unassigned	-	(1,390,359)
Total fund balances (deficits)	**142,956**	**95,307,801**
Total liabilities, deferred inflows of resources and fund balances (deficits)	**$ 142,956**	**$ 131,444,572**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	State Gasoline Tax	**Measure A**	**Air Quality Management Fund**	**Special Districts Administration Fund**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	11,516,133	6,352,730	271,823	-
Fees and charges for services	995	-	-	877,360
Use of money and property	395,628	400,416	11,684	175,198
Miscellaneous	2,048	3,783	-	-
Total revenues	**11,914,804**	**6,756,929**	**283,507**	**1,052,558**
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	4,780,034	2,332,498	257,968	839,120
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	5,837,791	511,251	-	-
Total expenditures	**10,617,825**	**2,843,749**	**257,968**	**839,120**
Excess (deficiency) of revenues over expenditures	**1,296,979**	**3,913,180**	**25,539**	**213,438**
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(50,000)	(1,365,338)	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**(50,000)**	**(1,365,338)**	**-**	**-**
Net change in fund balances	1,246,979	2,547,842	25,539	213,438
Fund balances (deficits) - beginning of year, as previously reported	11,454,758	10,931,265	370,071	3,070,829
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	11,454,758	10,931,265	370,071	3,070,829
Fund balances (deficits) - end of year	**$ 12,701,737**	**$ 13,479,107**	**$ 395,610**	**$ 3,284,267**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			(Continued)
	Storm Water Maintenance	**Storm Water Management**	**CFD No. 4-M**	**Public Education Government Access**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees and charges for services	520,875	1,124,934	89,903	-
Use of money and property	-	-	8,610	-
Miscellaneous	-	-	-	340,762
Total revenues	**520,875**	**1,124,934**	**98,513**	**340,762**
Expenditures				
Current				
General government	-	-	-	590,744
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	521,880	848,667	47,449	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	361,447	-	-
Total expenditures	**521,880**	**1,210,114**	**47,449**	**590,744**
Excess (deficiency) of revenues over expenditures	**(1,005)**	**(85,180)**	**51,064**	**(249,982)**
Other financing sources (uses)				
Transfers in	50,000	38,902	-	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**50,000**	**38,902**	**-**	**-**
Net change in fund balances	48,995	(46,278)	51,064	(249,982)
Fund balances (deficits) - beginning of year, as previously reported	79,358	2,785,056	150,567	329,492
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	79,358	2,785,056	150,567	329,492
Fund balances (deficits) - end of year	**$ 128,353**	**$ 2,738,778**	**$ 201,631**	**$ 79,510**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			
	Emergency Services Agency Fines	**Energy Efficiency Revolving**	**General Plan Amendments**	**Quimby In-Lieu Park Fees**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	248,724	-	-	-
Fees and charges for services	-	-	-	498,217
Use of money and property	42,954	-	-	84,782
Miscellaneous	-	-	-	-
Total revenues	**291,678**	**-**	**-**	**582,999**
Expenditures				
Current				
General government	-	-	-	-
Public safety	39,023	-	-	-
Community and economic development	-	-	793,438	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	**39,023**	**-**	**793,438**	**-**
Excess (deficiency) of revenues over expenditures	**252,655**	**-**	**(793,438)**	**582,999**
Other financing sources (uses)				
Transfers in	-	-	500,000	237,278
Transfers out	-	-	-	(312,775)
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**500,000**	**(75,497)**
Net change in fund balances	252,655	-	(293,438)	507,502
Fund balances (deficits) - beginning of year, as previously reported	764,243	149,434	625,790	1,166,231
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	764,243	149,434	625,790	1,166,231
Fund balances (deficits) - end of year	**$ 1,016,898**	**$ 149,434**	**$ 332,352**	**$ 1,673,733**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			(Continued)
	Recycling Programs	Traffic Signal Mitigation	CFD No. 2014-01	Child Care Grant
Revenues				
Taxes				
Other taxes	$ -	$ -	$ 862,096	$ -
Licenses and permits	1,517	-	-	-
Intergovernmental	-	-	-	1,168,995
Fees and charges for services	246,363	-	3,040	-
Use of money and property	-	-	59,226	-
Miscellaneous	50,356	-	-	-
Total revenues	**298,236**	**-**	**924,362**	**1,168,995**
Expenditures				
Current				
General government	178,300	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	1,168,995
Public works	-	-	375,833	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	**178,300**	**-**	**375,833**	**1,168,995**
Excess (deficiency) of revenues over expenditures	**119,936**	**-**	**548,529**	**-**
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(70,000)	(15,963)	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**(70,000)**	**(15,963)**	**-**
Net change in fund balances	119,936	(70,000)	532,566	-
Fund balances (deficits) - beginning of year, as previously reported	115,744	3,499,824	1,335,020	8,293
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	115,744	3,499,824	1,335,020	8,293
Fund balances (deficits) - end of year	**$ 235,680**	**$ 3,429,824**	**$ 1,867,586**	**$ 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, 2025

	Special Revenue Funds			
	ASES Program Grant	**Used Oil Recycling Grant**	**Other Grants**	**Capital Projects Grants**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	9,360,211	15,782	2,634,443	1,088,386
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**9,360,211**	**15,782**	**2,634,443**	**1,088,386**
Expenditures				
Current				
General government	-	-	1,372,629	-
Public safety	-	-	118,021	-
Community and economic development	-	-	649,238	-
Community and cultural	9,360,211	-	138,778	-
Public works	-	15,782	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	433,218	1,482,394
Total expenditures	**9,360,211**	**15,782**	**2,711,884**	**1,482,394**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**(77,441)**	**(394,008)**
Other financing sources (uses)				
Transfers in	-	-	665,762	-
Transfers out	-	-	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**665,762**	**-**
Net change in fund balances	-	-	588,321	(394,008)
Fund balances (deficits) - beginning of year, as previously reported	29,809	-	(7,182)	-
Change within financial reporting entity (major to non-major)	-	-	-	(994,866)
Fund balances (deficits) - beginning of year, as restated	29,809	-	(7,182)	(994,866)
Fund balances (deficits) - end of year	**$ 29,809**	**$ -**	**$ 581,139**	**$ (1,388,874)**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds			(Continued)
	Law Enforcement Grants	HOME	Neighborhood Stabilization Grant	Community Development Block Grant
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	689,204	522,000	-	2,405,381
Fees and charges for services	-	-	-	-
Use of money and property	-	362,646	-	-
Miscellaneous	-	-	-	-
Total revenues	**689,204**	**884,646**	**-**	**2,405,381**
Expenditures				
Current				
General government	-	-	-	-
Public safety	626,457	-	-	-
Community and economic development	62,747	522,001	-	694,858
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	1,591,170
Total expenditures	**689,204**	**522,001**	**-**	**2,286,028**
Excess (deficiency) of revenues over expenditures	**-**	**362,645**	**-**	**119,353**
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	(690)	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**(690)**	**-**	**-**
Net change in fund balances	-	361,955	-	119,353
Fund balances (deficits) - beginning of year, as previously reported	-	5,718,157	-	256,321
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	-	5,718,157	-	256,321
Fund balances (deficits) - end of year	**$ -**	**$ 6,080,112**	**$ -**	**$ 375,674**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Fund		Capital Projects Funds	
	Emergency Solutions Grant	**Article 3 Transportation**	**Facility Construction**	**TUMF Capital Projects**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	311,622	-	-	3,627,893
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**311,622**	**-**	**-**	**3,627,893**
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	311,622	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	11,556,578	3,280,416
Total expenditures	**311,622**	**-**	**11,556,578**	**3,280,416**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**(11,556,578)**	**347,477**
Other financing sources (uses)				
Transfers in	-	-	18,376,375	-
Transfers out	-	-	(4,600,000)	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**13,776,375**	**-**
Net change in fund balances	-	-	2,219,797	347,477
Fund balances (deficits) - beginning of year, as previously reported	-	-	16,453,512	(348,962)
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	-	-	16,453,512	(348,962)
Fund balances (deficits) - end of year	**$ -**	**$ -**	**$ 18,673,309**	**$ (1,485)**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Capital Projects Funds			(Continued)
	Traffic Signal Projects	Parks and Community Services Development and Capital Projects	DIF Capital Projects	Public Works Capital Projects
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	1,620,795
Fees and charges for services	-	-	-	-
Use of money and property	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	**-**	**-**	**-**	**1,620,795**
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	23,561	-
Public works	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	5,920,244	675,274	10,093,387
Total expenditures	**-**	**5,920,244**	**698,835**	**10,093,387**
Excess (deficiency) of revenues over expenditures	**-**	**(5,920,244)**	**(698,835)**	**(8,472,592)**
Other financing sources (uses)				
Transfers in	70,000	10,037,487	420,000	4,600,000
Transfers out	-	(605,369)	-	-
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**70,000**	**9,432,118**	**420,000**	**4,600,000**
Net change in fund balances	70,000	3,511,874	(278,835)	(3,872,592)
Fund balances (deficits) - beginning of year, as previously reported	-	9,474,317	1,882,499	12,039,412
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	-	9,474,317	1,882,499	12,039,412
Fund balances (deficits) - end of year	**$ 70,000**	**$ 12,986,191**	**$ 1,603,664**	**$ 8,166,820**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Debt Service Funds			
	2014 Refunding of 2005 Lease Revenue Bonds	2020 Refunding of TRIP COP 13A	2011 Private Place Refunding 97 Lease Revenue Bonds	2024 Refunding of 2014 Lease Revenue Bonds
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	281,335	4,880	-	-
Miscellaneous	-	-	-	89,750
Total revenues	**281,335**	**4,880**	**-**	**89,750**
Expenditures				
Current				
General government	447	4,600	-	461,730
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	-	-
Public works	-	-	-	-
Debt service				
Principal retirement	21,304,899	980,000	-	1,565,550
Interest	472,237	415,093	-	683,922
Capital outlay	-	-	-	-
Total expenditures	**21,777,583**	**1,399,693**	**-**	**2,711,202**
Excess (deficiency) of revenues over expenditures	**(21,496,248)**	**(1,394,813)**	**-**	**(2,621,452)**
Other financing sources (uses)				
Transfers in	21,495,847	1,399,094	-	8,232,728
Transfers out	(5,990,044)	-	-	(21,495,847)
Refunding bonds issued	-	-	-	19,645,416
Bond premium/(discount)	-	-	-	2,262,806
Total other financing sources (uses)	**15,505,803**	**1,399,094**	**-**	**8,645,103**
Net change in fund balances	(5,990,445)	4,281	-	6,023,651
Fund balances (deficits) - beginning of year, as previously reported	5,990,445	10,368	-	-
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	5,990,445	10,368	-	-
Fund balances (deficits) - end of year	**$ -**	**$ 14,649**	**$ -**	**$ 6,023,651**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Permanent Funds			(Continued)
	Celebration Park Endowment	**Equestrian Trail Endowment**	**Rockridge Park Endowment**	**NPDES Endowment**
Revenues				
Taxes				
Other taxes	$ -	$ -	$ -	$ -
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	-
Fees and charges for services	-	-	-	-
Use of money and property	3,120	709	6,661	1,845
Miscellaneous	-	-	-	-
Total revenues	**3,120**	**709**	**6,661**	**1,845**
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Community and economic development	-	-	-	-
Community and cultural	-	-	2,574	-
Public works	-	-	-	-
Debt service				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	**-**	**-**	**2,574**	**-**
Excess (deficiency) of revenues over expenditures	**3,120**	**709**	**4,087**	**1,845**
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(612)
Refunding bonds issued	-	-	-	-
Bond premium/(discount)	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**-**	**(612)**
Net change in fund balances	3,120	709	4,087	1,233
Fund balances (deficits) - beginning of year, as previously reported	55,100	12,532	118,387	32,225
Change within financial reporting entity (major to non-major)	-	-	-	-
Fund balances (deficits) - beginning of year, as restated	55,100	12,532	118,387	32,225
Fund balances (deficits) - end of year	**$ 58,220**	**$ 13,241**	**$ 122,474**	**$ 33,458**

City of Moreno Valley, California

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Permanent Funds	(Concluded)
	Cultural Preservation	**Total Nonmajor Governmental Funds**
Revenues		
Taxes		
Other taxes	$ -	$ 862,096
Licenses and permits	-	1,517
Intergovernmental	-	41,834,122
Fees and charges for services	-	3,361,687
Use of money and property	7,661	1,847,355
Miscellaneous	-	486,699
Total revenues	**7,661**	**48,393,476**
Expenditures		
Current		
General government	-	2,608,450
Public safety	-	783,501
Community and economic development	-	3,033,904
Community and cultural	-	10,694,119
Public works	-	10,019,231
Debt service		
Principal retirement	-	23,850,449
Interest	-	1,571,252
Capital outlay	-	41,743,170
Total expenditures	**-**	**94,304,076**
Excess (deficiency) of revenues over expenditures	**7,661**	**(45,910,600)**
Other financing sources (uses)		
Transfers in	-	66,123,473
Transfers out	-	(34,506,638)
Refunding bonds issued	-	19,645,416
Bond premium/(discount)	-	2,262,806
Total other financing sources (uses)	**-**	**53,525,057**
Net change in fund balances	7,661	7,614,457
Fund balances (deficits) - beginning of year, as previously reported	135,295	88,688,210
Change within financial reporting entity (major to non-major)	-	(994,866)
Fund balances (deficits) - beginning of year, as restated	135,295	87,693,344
Fund balances (deficits) - end of year	**$ 142,956**	**$ 95,307,801**

City of Moreno Valley, California

STATE GASOLINE TAX
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Current				
Public works	4,207,822	4,430,822	4,780,034	(349,212)
Capital outlay	5,385,000	13,379,260	5,837,791	7,541,469
Total expenditures	**9,592,822**	**17,810,082**	**10,617,825**	**7,192,257**
Excess (deficiency) of revenues over expenditures	**1,548,643**	**(6,668,617)**	**1,296,979**	**7,965,596**
Other financing sources (uses)				
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing sources (uses)	**(50,000)**	**(50,000)**	**(50,000)**	**-**
Net change in fund balances	1,498,643	(6,718,617)	1,246,979	7,965,596
Fund balances - beginning of year	11,454,758	11,454,758	11,454,758	-
Fund balances - end of year	**$ 12,953,401**	**$ 4,736,141**	**$ 12,701,737**	**$ 7,965,596**

City of Moreno Valley, California

MEASURE A
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 6,520,000	$ 6,520,000	$ 6,352,730	$ (167,270)
Use of money and property	30,000	30,000	400,416	370,416
Miscellaneous	-	-	3,783	3,783
Total revenues	**6,550,000**	**6,550,000**	**6,756,929**	**206,929**
Expenditures				
Current				
Public works	1,909,109	2,222,939	2,332,498	(109,559)
Capital outlay	540,000	2,369,040	511,251	1,857,789
Total expenditures	**2,449,109**	**4,591,979**	**2,843,749**	**1,748,230**
Excess (deficiency) of revenues over expenditures	**4,100,891**	**1,958,021**	**3,913,180**	**1,955,159**
Other financing sources (uses)				
Transfers out	(1,462,714)	(1,365,338)	(1,365,338)	-
Total other financing sources (uses)	**(1,462,714)**	**(1,365,338)**	**(1,365,338)**	**-**
Net change in fund balances	2,638,177	592,683	2,547,842	1,955,159
Fund balances - beginning of year	10,931,265	10,931,265	10,931,265	-
Fund balances - end of year	**$ 13,569,442**	**$ 11,523,948**	**$ 13,479,107**	**$ 1,955,159**

City of Moreno Valley, California

AIR QUALITY MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Intergovernmental	$ 264,932	$ 264,932	$ 271,823	$ 6,891
Use of money and property	2,500	2,500	11,684	9,184
Total revenues	**267,432**	**267,432**	**283,507**	**16,075**
Expenditures				
Current				
Public works	251,076	251,076	257,968	(6,892)
Capital outlay	20,000	20,107	-	20,107
Total expenditures	**271,076**	**271,183**	**257,968**	**13,215**
Excess (deficiency) of revenues over expenditures	**(3,644)**	**(3,751)**	**25,539**	**29,290**
Net change in fund balances	(3,644)	(3,751)	25,539	29,290
Fund balances - beginning of year	370,071	370,071	370,071	-
Fund balances - end of year	**$ 366,427**	**$ 366,320**	**$ 395,610**	**$ 29,290**

City of Moreno Valley, California

SPECIAL DISTRICTS ADMINISTRATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 636,910	$ 801,910	$ 877,360	$ 75,450
Use of money and property	10,000	10,000	175,198	165,198
Total revenues	**646,910**	**811,910**	**1,052,558**	**240,648**
Expenditures				
Current				
Public works	682,808	682,808	839,120	(156,312)
Total expenditures	**682,808**	**682,808**	**839,120**	**(156,312)**
Excess (deficiency) of revenues over expenditures	**(35,898)**	**129,102**	**213,438**	**84,336**
Net change in fund balances	(35,898)	129,102	213,438	84,336
Fund balances - beginning of year	3,070,829	3,070,829	3,070,829	-
Fund balances - end of year	**$ 3,034,931**	**$ 3,199,931**	**$ 3,284,267**	**$ 84,336**

City of Moreno Valley, California

STORM WATER MAINTENANCE
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 495,982	$ 495,982	$ 520,875	$ 24,893
Total revenues	**495,982**	**495,982**	**520,875**	**24,893**
Expenditures				
Current				
Public works	569,194	569,194	521,880	47,314
Total expenditures	**569,194**	**569,194**	**521,880**	**47,314**
Excess (deficiency) of revenues over expenditures	**(73,212)**	**(73,212)**	**(1,005)**	**72,207**
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	(23,212)	(23,212)	48,995	72,207
Fund balances - beginning of year	79,358	79,358	79,358	-
Fund balances - end of year	**$ 56,146**	**$ 56,146**	**$ 128,353**	**$ 72,207**

City of Moreno Valley, California

STORM WATER MANAGEMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Fees and charges for services	$ 1,036,399	$ 1,249,088	$ 1,124,934	$ (124,154)
Total revenues	**1,036,399**	**1,249,088**	**1,124,934**	**(124,154)**
Expenditures				
Current				
Public works	780,746	964,269	848,667	115,602
Capital outlay	280,000	927,129	361,447	565,682
Total expenditures	**1,060,746**	**1,891,398**	**1,210,114**	**681,284**
Excess (deficiency) of revenues over expenditures	**(24,347)**	**(642,310)**	**(85,180)**	**557,130**
Other financing sources (uses)				
Transfers in	36,353	38,902	38,902	-
Total other financing sources (uses)	**36,353**	**38,902**	**38,902**	**-**
Net change in fund balances	12,006	(603,408)	(46,278)	557,130
Fund balances - beginning of year	2,785,056	2,785,056	2,785,056	-
Fund balances - end of year	**$ 2,797,062**	**$ 2,181,648**	**$ 2,738,778**	**$ 557,130**

City of Moreno Valley, California

CFD No. 4-M
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 84,969	$ 89,582	$ 89,903	$ 321
Use of money and property	100	100	8,610	8,510
Total revenues	**85,069**	**89,682**	**98,513**	**8,831**
Expenditures				
Current				
Public works	85,370	85,370	47,449	37,921
Total expenditures	**85,370**	**85,370**	**47,449**	**37,921**
Excess (deficiency) of revenues over expenditures	**(301)**	**4,312**	**51,064**	**46,752**
Net change in fund balances	(301)	4,312	51,064	46,752
Fund balances - beginning of year	150,567	150,567	150,567	-
Fund balances - end of year	**$ 150,266**	**$ 154,879**	**$ 201,631**	**$ 46,752**

City of Moreno Valley, California

PUBLIC EDUCATION GOVERNMENT ACCESS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Miscellaneous	$ 430,000	$ 430,000	$ 340,762	$ (89,238)
Total revenues	**430,000**	**430,000**	**340,762**	**(89,238)**
Expenditures				
Current				
General government	617,926	617,926	590,744	27,182
Total expenditures	**617,926**	**617,926**	**590,744**	**27,182**
Excess (deficiency) of revenues over expenditures	**(187,926)**	**(187,926)**	**(249,982)**	**(62,056)**
Net change in fund balances	(187,926)	(187,926)	(249,982)	(62,056)
Fund balances - beginning of year	329,492	329,492	329,492	-
Fund balances - end of year	**$ 141,566**	**$ 141,566**	**$ 79,510**	**$ (62,056)**

City of Moreno Valley, California

EMERGENCY SERVICES AGENCY FINES
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 80,000	$ 80,000	$ 248,724	$ 168,724
Use of money and property	5,000	5,000	42,954	37,954
Total revenues	**85,000**	**85,000**	**291,678**	**206,678**
Expenditures				
Current				
Public safety	90,000	90,000	39,023	50,977
Total expenditures	**90,000**	**90,000**	**39,023**	**50,977**
Excess (deficiency) of revenues over expenditures	**(5,000)**	**(5,000)**	**252,655**	**257,655**
Net change in fund balances	(5,000)	(5,000)	252,655	257,655
Fund balances - beginning of year	764,243	764,243	764,243	-
Fund balances - end of year	**$ 759,243**	**$ 759,243**	**$ 1,016,898**	**$ 257,655**

City of Moreno Valley, California

ENERGY EFFICIENCY REVOLVING
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous	$ 10,000	$ 10,000	$ -	$ (10,000)
Total revenues	**10,000**	**10,000**	**-**	**(10,000)**
Excess (deficiency) of revenues over expenditures	**10,000**	**10,000**	**-**	**(10,000)**
Net change in fund balances	10,000	10,000	-	(10,000)
Fund balances - beginning of year	149,434	149,434	149,434	-
Fund balances - end of year	**$ 159,434**	**$ 159,434**	**$ 149,434**	**$ (10,000)**

City of Moreno Valley, California

GENERAL PLAN AMENDMENTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Expenditures				
Current				
Community and economic development	-	1,100,000	793,438	306,562
Total expenditures	**-**	**1,100,000**	**793,438**	**306,562**
Excess (deficiency) of revenues over expenditures	**-**	**(1,100,000)**	**(793,438)**	**306,562**
Other financing sources (uses)	-	500,000	500,000	-
Transfers in	-	500,000	500,000	-
Total other financing sources (uses)	**-**	**1,000,000**	**1,000,000**	**-**
Net change in fund balances	-	(600,000)	(293,438)	306,562
Fund balances - beginning of year	625,790	625,790	625,790	-
Fund balances - end of year	**$ 625,790**	**$ 25,790**	**$ 332,352**	**$ 306,562**

City of Moreno Valley, California

QUIMBY IN-LIEU PARK FEES
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 434,997	$ 434,997	$ 498,217	$ 63,220
Use of money and property	12,758	12,758	84,782	72,024
Total revenues	**447,755**	**447,755**	**582,999**	**135,244**
Excess (deficiency) of revenues over expenditures	**447,755**	**447,755**	**582,999**	**135,244**
Other financing sources (uses)				
Transfers in	-	237,278	237,278	-
Transfers out	(283,000)	(312,775)	(312,775)	-
Total other financing sources (uses)	**(283,000)**	**(75,497)**	**(75,497)**	**-**
Net change in fund balances	164,755	372,258	507,502	135,244
Fund balances - beginning of year	1,166,231	1,166,231	1,166,231	-
Fund balances - end of year	**$ 1,330,986**	**$ 1,538,489**	**$ 1,673,733**	**$ 135,244**

City of Moreno Valley, California

RECYCLING PROGRAMS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Licenses and permits	$ 1,400	$ 1,400	$ 1,517	$ 117
Fees and charges for services	265,200	265,200	246,363	(18,837)
Miscellaneous	47,000	47,000	50,356	3,356
Total revenues	**313,600**	**313,600**	**298,236**	**(15,364)**
Expenditures				
Current				
General government	221,453	429,371	178,300	251,071
Total expenditures	**221,453**	**429,371**	**178,300**	**251,071**
Excess (deficiency) of revenues over expenditures	**92,147**	**(115,771)**	**119,936**	**235,707**
Net change in fund balances	92,147	(115,771)	119,936	235,707
Fund balances - beginning of year	115,744	115,744	115,744	-
Fund balances - end of year	**$ 207,891**	**$ (27)**	**$ 235,680**	**$ 235,707**

City of Moreno Valley, California

TRAFFIC SIGNAL MITIGATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Other financing sources (uses)				
Transfers out	$ -	$ (70,000)	$ (70,000)	$ -
Total other financing sources (uses)	**-**	**(70,000)**	**(70,000)**	**-**
Net change in fund balances	-	(70,000)	(70,000)	-
Fund balances - beginning of year	3,499,824	3,499,824	3,499,824	-
Fund balances - end of year	**$ 3,499,824**	**$ 3,429,824**	**$ 3,429,824**	**$ -**

City of Moreno Valley, California

CFD No. 2014-01
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Taxes				
Other taxes	$ 600,000	$ 878,146	$ 862,096	$ (16,050)
Fees and charges for services	10,000	10,000	3,040	(6,960)
Use of money and property	-	-	59,226	59,226
Total revenues	**610,000**	**888,146**	**924,362**	**36,216**
Expenditures				
Current				
Public works	732,836	732,836	375,833	357,003
Total expenditures	**732,836**	**732,836**	**375,833**	**357,003**
Excess (deficiency) of revenues over expenditures	**(122,836)**	**155,310**	**548,529**	**393,219**
Other financing sources (uses)				
Transfers out	(15,000)	(15,645)	(15,963)	(318)
Total other financing sources (uses)	**(15,000)**	**(15,645)**	**(15,963)**	**(318)**
Net change in fund balances	(137,836)	139,665	532,566	392,901
Fund balances - beginning of year	1,335,020	1,335,020	1,335,020	-
Fund balances - end of year	**$ 1,197,184**	**$ 1,474,685**	**$ 1,867,586**	**$ 392,901**

City of Moreno Valley, California

CHILD CARE GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 877,010	$ 877,010	$ 1,168,995	$ 291,985
Fees and charges for services	10,000	10,000	-	(10,000)
Total revenues	**887,010**	**887,010**	**1,168,995**	**281,985**
Expenditures				
Current				
Community and cultural	915,668	915,668	1,168,995	(253,327)
Total expenditures	**915,668**	**915,668**	**1,168,995**	**(253,327)**
Excess (deficiency) of revenues over expenditures	**(28,658)**	**(28,658)**	**-**	**28,658**
Net change in fund balances	(28,658)	(28,658)	-	28,658
Fund balances - beginning of year	8,293	8,293	8,293	-
Fund balances - end of year	**$ (20,365)**	**$ (20,365)**	**$ 8,293**	**$ 28,658**

City of Moreno Valley, California

ASES PROGRAM GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 9,360,211	$ 9,360,211	$ 9,360,211	$ -
Total revenues	**9,360,211**	**9,360,211**	**9,360,211**	**-**
Expenditures				
Current				
Community and cultural	9,348,716	9,348,716	9,360,211	(11,495)
Total expenditures	**9,348,716**	**9,348,716**	**9,360,211**	**(11,495)**
Excess (deficiency) of revenues over expenditures	**11,495**	**11,495**	**-**	**(11,495)**
Net change in fund balances	11,495	11,495	-	(11,495)
Fund balances - beginning of year	29,809	29,809	29,809	-
Fund balances - end of year	**$ 41,304**	**$ 41,304**	**$ 29,809**	**$ (11,495)**

City of Moreno Valley, California

USED OIL RECYCLING
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 27,257	$ 37,277	$ 15,782	$ (21,495)
Total revenues	**27,257**	**37,277**	**15,782**	**(21,495)**
Expenditures				
Current				
Public works	27,257	37,277	15,782	21,495
Total expenditures	**27,257**	**37,277**	**15,782**	**21,495**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**-**	**-**
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

OTHER GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 83,995	$ 7,517,195	$ 2,634,443	$ (4,882,752)
Total revenues	**83,995**	**7,517,195**	**2,634,443**	**(4,882,752)**
Expenditures				
Current				
General government	27,257	2,456,230	1,372,629	1,083,601
Public safety	-	235,922	118,021	117,901
Community and economic development	10,738	1,057,847	649,238	408,609
Community and cultural	46,000	1,132,143	138,778	993,365
Capital outlay	-	3,274,547	433,218	2,841,329
Total expenditures	**83,995**	**8,156,689**	**2,711,884**	**5,444,805**
Excess (deficiency) of revenues over expenditures	**-**	**(639,494)**	**(77,441)**	**562,053**
Other financing sources (uses)				
Transfers in	-	702,134	665,762	(36,372)
Total other financing sources (uses)	**-**	**702,134**	**665,762**	**(36,372)**
Net change in fund balances	-	62,640	588,321	525,681
Fund balances (deficits) - beginning of year	(7,182)	(7,182)	(7,182)	-
Fund balances - end of year	**$ (7,182)**	**$ 55,458**	**$ 581,139**	**$ 525,681**

City of Moreno Valley, California

CAPITAL PROJECTS GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Intergovernmental	$ -	$ 13,410,666	$ 1,088,386	$ (12,322,280)
Total revenues	**-**	**13,410,666**	**1,088,386**	**(12,322,280)**
Expenditures				
Capital outlay	-	12,501,138	1,482,394	11,018,744
Total expenditures	**-**	**12,501,138**	**1,482,394**	**11,018,744**
Excess (deficiency) of revenues over expenditures	**-**	**909,528**	**(394,008)**	**(1,303,536)**
Net change in fund balances	-	909,528	(394,008)	(1,303,536)
Fund balances (deficits) - beginning of year, as restated	(994,866)	(994,866)	(994,866)	-
Fund balances (deficits) - end of year	**$ (994,866)**	**$ (85,338)**	**$ (1,388,874)**	**$ (1,303,536)**

City of Moreno Valley, California

LAW ENFORCEMENT GRANTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 350,000	$ 805,454	$ 689,204	$ (116,250)
Total revenues	**350,000**	**805,454**	**689,204**	**(116,250)**
Expenditures				
Current				
Public safety	350,000	626,457	626,457	-
Community and economic development	-	178,997	62,747	116,250
Total expenditures	**350,000**	**805,454**	**689,204**	**116,250**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**-**	**-**
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

HOME
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Intergovernmental	$ -	$ 4,955,696	$ 522,000	$ (4,433,696)
Use of money and property	-	-	362,646	362,646
Total revenues	**-**	**4,955,696**	**884,646**	**(4,071,050)**
Expenditures				
Current				
Community and economic development	-	4,955,696	522,001	4,433,695
Total expenditures	**-**	**4,955,696**	**522,001**	**4,433,695**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**362,645**	**362,645**
Other financing sources (uses)				
Transfers out	-	-	(690)	(690)
Total other financing sources (uses)	**-**	**-**	**(690)**	**(690)**
Net change in fund balances	-	-	361,955	361,955
Fund balances - beginning of year	5,718,157	5,718,157	5,718,157	-
Fund balances - end of year	**$ 5,718,157**	**$ 5,718,157**	**$ 6,080,112**	**$ 361,955**

City of Moreno Valley, California

NEIGHBORHOOD STABILIZATION GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Net change in fund balances	$ -	$ -	$ -	$ -
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

COMMUNITY DEVELOPMENT BLOCK GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 1,979,019	$ 4,066,200	$ 2,405,381	$ (1,660,819)
Total revenues	**1,979,019**	**4,066,200**	**2,405,381**	**(1,660,819)**
Expenditures				
Current				
Community and economic development	692,657	1,033,431	694,858	338,573
Capital outlay	1,286,362	2,963,694	1,591,170	1,372,524
Total expenditures	**1,979,019**	**3,997,125**	**2,286,028**	**1,711,097**
Excess (deficiency) of revenues over expenditures	**-**	**69,075**	**119,353**	**50,278**
Net change in fund balances	-	69,075	119,353	50,278
Fund balances - beginning of year	256,321	256,321	256,321	-
Fund balances - end of year	**$ 256,321**	**$ 325,396**	**$ 375,674**	**$ 50,278**

City of Moreno Valley, California

EMERGENCY SOLUTIONS GRANT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ 330,597	$ 311,622	$ (18,975)
Total revenues	**-**	**330,597**	**311,622**	**(18,975)**
Expenditures				
Current				
Community and economic development	-	330,597	311,622	18,975
Total expenditures	**-**	**330,597**	**311,622**	**18,975**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**-**	**-**
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

ARTICLE 3 TRANSPORTATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ 562,012	$ -	$ -	$ -
Total revenues	**562,012**	**-**	-	**-**
Excess (deficiency) of revenues over expenditures	**562,012**	**-**	**-**	**-**
Net change in fund balances	562,012	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ 562,012**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

FACILITY CONSTRUCTION
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Expenditures				
Capital outlay	$ 4,800,000	$ 29,591,440	$ 11,556,578	$ 18,034,862
Total expenditures	**4,800,000**	**29,591,440**	**11,556,578**	**18,034,862**
Excess (deficiency) of revenues over expenditures	**(4,800,000)**	**(29,591,440)**	**(11,556,578)**	**18,034,862**
Other financing sources (uses)				
Transfers in	6,208,705	20,376,375	18,376,375	(2,000,000)
Transfers out	(5,600,000)	(5,600,000)	(4,600,000)	1,000,000
Total other financing sources (uses)	**608,705**	**14,776,375**	**13,776,375**	**(1,000,000)**
Net change in fund balances	(4,191,295)	(14,815,065)	2,219,797	17,034,862
Fund balances - beginning of year	16,453,512	16,453,512	16,453,512	-
Fund balances - end of year	**$ 12,262,217**	**$ 1,638,447**	**$ 18,673,309**	**$ 17,034,862**

City of Moreno Valley, California

TUMF CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$ -	$ 8,079,729	$ 3,627,893	$ (4,451,836)
Total revenues	**-**	**8,079,729**	**3,627,893**	**(4,451,836)**
Expenditures				
Capital outlay	-	8,748,829	3,280,416	5,468,413
Total expenditures	**-**	**8,748,829**	**3,280,416**	**5,468,413**
Excess (deficiency) of revenues over expenditures	**-**	**(669,100)**	**347,477**	**1,016,577**
Net change in fund balances	-	(669,100)	347,477	1,016,577
Fund balances (deficits) - beginning of year	(348,962)	(348,962)	(348,962)	-
Fund balances (deficits) - end of year	**$ (348,962)**	**$ (1,018,062)**	**$ (1,485)**	**$ 1,016,577**

City of Moreno Valley, California

TRAFFIC SIGNAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Fees and charges for services	$ 40,000	$ 40,000	$ -	$ (40,000)
Total revenues	**40,000**	**40,000**	**-**	**(40,000)**
Expenditures				
Capital outlay	**-**	**70,000**	**-**	**70,000**
Total expenditures	**-**	**70,000**	**-**	**70,000**
Excess (deficiency) of revenues over expenditures	**40,000**	**(30,000)**	**-**	**30,000**
Other financing sources (uses)				
Transfers in	-	70,000	70,000	-
Total other financing sources (uses)	**-**	**70,000**	**70,000**	**-**
Net change in fund balances	40,000	40,000	70,000	30,000
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ 40,000**	**$ 40,000**	**$ 70,000**	**$ 30,000**

City of Moreno Valley, California

PARKS AND COMMUNITY SERVICES DEVELOPMENT AND CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Capital outlay	$ 198,000	$ 18,595,522	$ 5,920,244	$ 12,675,278
Total expenditures	**198,000**	**18,595,522**	**5,920,244**	**12,675,278**
Excess (deficiency) of revenues over expenditures	**(198,000)**	**(18,595,522)**	**(5,920,244)**	**12,675,278**
Other financing sources (uses)				
Transfers in	938,325	10,037,487	10,037,487	-
Transfers out	-	(605,369)	(605,369)	-
Total other financing sources (uses)	**938,325**	**9,432,118**	**9,432,118**	**-**
Net change in fund balances	740,325	(9,163,404)	3,511,874	12,675,278
Fund balances - beginning of year	9,474,317	9,474,317	9,474,317	-
Fund balances - end of year	**$ 10,214,642**	**$ 310,913**	**$ 12,986,191**	**$ 12,675,278**

City of Moreno Valley, California

DIF CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Expenditures				
Current				
Community and cultural	$ -	$ 29,993	$ 23,561	$ 6,432
Capital outlay	400,000	2,241,113	675,274	1,565,839
Total expenditures	**400,000**	**2,271,106**	**698,835**	**1,572,271**
Excess (deficiency) of revenues over expenditures	**(400,000)**	**(2,271,106)**	**(698,835)**	**1,572,271**
Other financing sources (uses)				
Transfers in	400,000	420,000	420,000	-
Total other financing sources (uses)	**400,000**	**420,000**	**420,000**	**-**
Net change in fund balances	-	(1,851,106)	(278,835)	1,572,271
Fund balances - beginning of year	1,882,499	1,882,499	1,882,499	-
Fund balances - end of year	**$ 1,882,499**	**$ 31,393**	**$ 1,603,664**	**$ 1,572,271**

City of Moreno Valley, California

PUBLIC WORKS CAPITAL PROJECTS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Intergovernmental	$ -	$ 16,258,761	$ 1,620,795	$ (14,637,966)
Total revenues	**-**	**16,258,761**	**1,620,795**	**(14,637,966)**
Expenditures				
Capital outlay	6,350,000	37,493,410	10,093,387	27,400,023
Total expenditures	**6,350,000**	**37,493,410**	**10,093,387**	**27,400,023**
Excess (deficiency) of revenues over expenditures	**(6,350,000)**	**(21,234,649)**	**(8,472,592)**	**12,762,057**
Other financing sources (uses)				
Transfers in	5,600,000	5,600,000	4,600,000	(1,000,000)
Total other financing sources (uses)	**5,600,000**	**5,600,000**	**4,600,000**	**(1,000,000)**
Net change in fund balances	(750,000)	(15,634,649)	(3,872,592)	11,762,057
Fund balances - beginning of year, as previously reported	12,039,412	12,039,412	12,039,412	-
Adjustment - changes between major fund and nonmajor fund	-	-	-	-
Fund balances - beginning of year	12,039,412	12,039,412	12,039,412	-
Fund balances - end of year	**$ 11,289,412**	**$ (3,595,237)**	**$ 8,166,820**	**$ 11,762,057**

City of Moreno Valley, California

2014 REFUNDING OF 2005 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ -	$ 281,300	$ 281,335	$ 35
Total revenues	**-**	**281,300**	**281,335**	**35**
Expenditures				
Current				
General government	3,758	500	447	53
Debt service				
Principal retirement	1,355,319	21,305,000	21,304,899	101
Interest	910,591	472,250	472,237	13
Total expenditures	**2,269,668**	**21,777,750**	**21,777,583**	**167**
Excess (deficiency) of revenues over expenditures	**(2,269,668)**	**(21,496,450)**	**(21,496,248)**	**202**
Other financing sources (uses)				
Transfers in	2,269,668	21,496,450	21,495,847	(603)
Transfers out	-	(5,990,500)	(5,990,044)	456
Total other financing sources (uses)	**2,269,668**	**15,505,950**	**15,505,803**	**(147)**
Net change in fund balances	-	(5,990,500)	(5,990,445)	55
Fund balances - beginning of year	5,990,445	5,990,445	5,990,445	-
Fund balances - end of year	**$ 5,990,445**	**$ (55)**	**$ -**	**$ 55**

City of Moreno Valley, California

2020 REFUNDING OF TRIP COP 13A
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ -	$ -	$ 4,880	$ 4,880
Total revenues	**-**	**-**	**4,880**	**4,880**
Expenditures				
Current				
General government	8,506	8,506	4,600	3,906
Debt service				
Principal retirement	980,000	980,000	980,000	-
Interest	415,093	415,093	415,093	-
Total expenditures	**1,403,599**	**1,403,599**	**1,399,693**	**3,906**
Excess (deficiency) of revenues over expenditures	**(1,403,599)**	**(1,403,599)**	**(1,394,813)**	**8,786**
Other financing sources (uses)				
Transfers in	1,403,599	1,403,599	1,399,094	(4,505)
Total other financing sources (uses)	**1,403,599**	**1,403,599**	**1,399,094**	**(4,505)**
Net change in fund balances	-	-	4,281	4,281
Fund balances - beginning of year	10,368	10,368	10,368	-
Fund balances - end of year	**$ 10,368**	**$ 10,368**	**$ 14,649**	**$ 4,281**

City of Moreno Valley, California

2011 PRIVATE PLACEMENT REFUNDING 97 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Expenditures				
Debt service				
Principal retirement	$ 331,000	$ -	$ -	$ -
Interest	6,587	-	-	-
Total expenditures	**337,587**	**-**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**(337,587)**	**-**	**-**	**-**
Other financing sources (uses)				
Transfers in	187,587	-	-	-
Transfers from Successor Agency	150,000	-	-	-
Total other financing sources (uses)	**337,587**	**-**	**-**	**-**
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

2024 REFUNDING OF 2014 LEASE REVENUE BONDS
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Miscellaneous	$ -	$ 89,750	$ 89,750	$ -
Total revenues	**-**	**89,750**	**89,750**	**-**
Expenditures				
Current				
General government	-	494,434	461,730	32,704
Debt service				
Principal retirement	-	1,565,550	1,565,550	-
Interest	-	685,000	683,922	1,078
Total expenditures	**-**	**2,744,984**	**2,711,202**	**33,782**
Excess (deficiency) of revenues over expenditures	**-**	**(2,655,234)**	**(2,621,452)**	**33,782**
Other financing sources (uses)				
Transfers in	-	8,233,184	8,232,728	(456)
Transfers out	-	(21,495,950)	(21,495,847)	103
Refunding bonds issued	-	19,645,500	19,645,416	(84)
Bond premium/(discount)	-	2,263,000	2,262,806	(194)
Total other financing sources (uses)	**-**	**8,645,734**	**8,645,103**	**(631)**
Net change in fund balances	-	5,990,500	6,023,651	33,151
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	**$ -**	**$ 5,990,500**	**$ 6,023,651**	**$ 33,151**

City of Moreno Valley, California

CELEBRATION PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ 1,000	$ 1,000	$ 3,120	$ 2,120
Total revenues	**1,000**	**1,000**	**3,120**	**2,120**
Excess (deficiency) of revenues over expenditures	**1,000**	**1,000**	**3,120**	**2,120**
Net change in fund balances	1,000	1,000	3,120	2,120
Fund balances - beginning of year	55,100	55,100	55,100	-
Fund balances - end of year	**$ 56,100**	**$ 56,100**	**$ 58,220**	**$ 2,120**

City of Moreno Valley, California

EQUESTRIAN TRAIL ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Revenues				
Use of money and property	$ 200	$ 200	$ 709	$ 509
Total revenues	**200**	**200**	**709**	**509**
Expenditures				
Current				
Community and cultural	200	200	-	200
Total expenditures	**200**	**200**	**-**	**200**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**709**	**709**
Net change in fund balances	-	-	709	709
Fund balances - beginning of year	12,532	12,532	12,532	-
Fund balances - end of year	**$ 12,532**	**$ 12,532**	**$ 13,241**	**$ 709**

City of Moreno Valley, California

ROCKRIDGE PARK ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ 1,800	$ 1,800	$ 6,661	$ 4,861
Total revenues	**1,800**	**1,800**	**6,661**	**4,861**
Expenditures				
Current				
Community and cultural	8,142	8,142	2,574	5,568
Total expenditures	**8,142**	**8,142**	**2,574**	**5,568**
Excess (deficiency) of revenues over expenditures	**(6,342)**	**(6,342)**	**4,087**	**10,429**
Net change in fund balances	(6,342)	(6,342)	4,087	10,429
Fund balances - beginning of year	118,387	118,387	118,387	-
Fund balances - end of year	**$ 112,045**	**$ 112,045**	**$ 122,474**	**$ 10,429**

City of Moreno Valley, California

NPDES ENDOWMENT
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ 300	$ 300	$ 1,845	$ 1,545
Total revenues	**300**	**300**	**1,845**	**1,545**
Excess (deficiency) of revenues over expenditures	**300**	**300**	**1,845**	**1,545**
Other financing sources (uses)				
Transfers out	(223)	(612)	(612)	-
Total other financing sources (uses)	**(223)**	**(612)**	**(612)**	**-**
Net change in fund balances	77	(312)	1,233	1,545
Fund balances - beginning of year	32,225	32,225	32,225	-
Fund balances - end of year	**$ 32,302**	**$ 31,913**	**$ 33,458**	**$ 1,545**

City of Moreno Valley, California

CULTURAL PRESERVATION
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Use of money and property	$ 1,600	$ 1,600	$ 7,661	$ 6,061
Total revenues	**1,600**	**1,600**	**7,661**	**6,061**
Excess (deficiency) of revenues over expenditures	**1,600**	**1,600**	**7,661**	**6,061**
Net change in fund balances	1,600	1,600	7,661	6,061
Fund balances - beginning of year	135,295	135,295	135,295	-
Fund balances - end of year	**$ 136,895**	**$ 136,895**	**$ 142,956**	**$ 6,061**

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 absences, attributable to services already rendered.

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Assets				
Current assets				
Pooled cash and investments	$ 4,333,629	$ 4,029,273	$ 10,836,362	$ 16,425,821
Receivables				
Accounts	-	-	-	66
Inventories	-	-	-	55,991
Prepaid costs	861,555	-	-	1,697
Total current assets	**5,195,184**	**4,029,273**	**10,836,362**	**16,483,575**
Noncurrent assets				
Advances to other funds (3)	-	-	-	20,147,223
Capital assets				
Capital assets - net of accumulated depreciation	-	-	2,491,028	7,911,928
Total noncurrent assets	**-**	**-**	**2,491,028**	**28,059,151**
Total assets	**$ 5,195,184**	**$ 4,029,273**	**$13,327,390**	**$ 44,542,726**
Liabilities				
Current liabilities				
Accounts payable	$ -	$ 6,854	$ -	$ 529,576
Compensated absences	19,660	-	-	134,916
Self-insurance payable	1,085,000	503,000	-	-
Total current liabilities	**1,104,660**	**509,854**	**-**	**664,492**
Noncurrent liabilities				
Compensated absences	13,107	-	-	89,944
Self-insurance payable	1,430,000	1,504,000	-	-
Total noncurrent liabilities	**1,443,107**	**1,504,000**	**-**	**89,944**
Total liabilities	**2,547,767**	**2,013,854**	**-**	**754,436**
Net position				
Net investment in capital assets	-	-	2,491,028	7,911,928
Unrestricted	2,647,417	2,015,419	10,836,362	35,876,362
Total net position	**2,647,417**	**2,015,419**	**13,327,390**	**43,788,290**
Total liabilities and net position	**$ 5,195,184**	**$ 4,029,273**	**$13,327,390**	**$ 44,542,726**

City of Moreno Valley, California

Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Fleet Operations	Equipment Replacement Reserve	Unfunded Liabilities	Total Internal Service Funds
Assets				
Current assets				
Pooled cash and investments	$ 10,698,128	$ 26,158,962	$ 9,892,231	$ 82,374,406
Receivables				
Accounts	-	-	-	66
Inventories	17,805	-	-	73,796
Prepaid costs	-	-	-	863,252
Total current assets	**10,715,933**	**26,158,962**	**9,892,231**	**83,311,520**
Noncurrent assets				
Advances to other funds [3]	-	-	-	20,147,223
Capital assets				
Capital assets - net of accumulated depreciation	44,359	-	-	10,447,315
Total noncurrent assets	**44,359**	**-**	**-**	**30,594,538**
Total assets	**$ 10,760,292**	**$ 26,158,962**	**$ 9,892,231**	**$ 113,906,058**
Liabilities				
Current liabilities				
Accounts payable	$ 14,028	$ -	$ -	$ 550,458
Compensated absences	112,466	-	-	267,042
Self-insurance payable	-	-	-	1,588,000
Total current liabilities	**126,494**	**-**	**-**	**2,405,500**
Noncurrent liabilities				
Compensated absences	74,978	-	-	178,029
Self-insurance payable	-	-	-	2,934,000
Total noncurrent liabilities	**74,978**	**-**	**-**	**3,112,029**
Total liabilities	**201,472**	**-**	**-**	**5,517,529**
Net position				
Net investment in capital assets	44,359	-	-	10,447,315
Unrestricted	10,514,461	26,158,962	9,892,231	97,941,214
Total net position	**10,558,820**	**26,158,962**	**9,892,231**	**108,388,529**
Total liabilities and net position	**$ 10,760,292**	**$ 26,158,962**	**$ 9,892,231**	**$ 113,906,058**

City of Moreno Valley, California

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Operating revenues				
Sales and service charges	$ 1,059,332	$ 471,533	$ -	$ 3,916,228
Miscellaneous	24,602	47,524	195,000	-
Total operating revenues	**1,083,934**	**519,057**	**195,000**	**3,916,228**
Operating expenses				
Cost of services	1,826,491	137,589	-	7,610,089
Depreciation expense	-	-	807,698	397,016
Self-insurance claims and charges	3,276,423	1,093,775	-	-
Total operating expenses	**5,102,914**	**1,231,364**	**807,698**	**8,007,105**
Operating income (loss)	(4,018,980)	(712,307)	(612,698)	(4,090,877)
Non-operating revenues (expenses)				
Income (loss) before transfers and contributions	(4,018,980)	(712,307)	(612,698)	(4,090,877)
Transfers and contributions				
Transfers in [1]	3,665,000	-	725,000	10,500,000
Transfers out [1]	-	-	-	(867,133)
Total transfers and contributions	**3,665,000**	**-**	**725,000**	**9,632,867**
Change in net position	(353,980)	(712,307)	112,302	5,541,990
Total net position - beginning of year	3,001,397	2,727,726	13,215,088	38,246,300
Total net position - end of year	**$ 2,647,417**	**$ 2,015,419**	**$ 13,327,390**	**$ 43,788,290**

City of Moreno Valley, California

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Fleet Operations	Equipment Replacement Reserve	Unfunded Liabilities	Total Internal Service Funds
Operating revenues				
Sales and service charges	$ 2,416,273	$ 1,075,235	$ -	$ 8,938,601
Miscellaneous	-	-	-	267,126
Total operating revenues	**2,416,273**	**1,075,235**	**-**	**9,205,727**
Operating expenses				
Cost of services	2,063,053	-	-	11,637,222
Depreciation expense	10,795	-	-	1,215,509
Self-insurance claims and charges	-	-	-	4,370,198
Total operating expenses	**2,073,848**	**-**	**-**	**17,222,929**
Operating income (loss)	342,425	1,075,235	-	(8,017,202)
Non-operating revenues (expenses)				
Gain (loss) on disposal of capital assets	60,503	22,253	-	82,756
Total nonoperating revenues (expenses)	**60,503**	**22,253**	**-**	**82,756**
Income (loss) before transfers and contributions	402,928	1,097,488	-	(7,934,446)
Transfers and contributions				
Transfers in [(1)]	45,000	-	570,892	15,505,892
Transfers out [(1)]	(2,516,298)	-	-	(3,383,431)
Total transfers and contributions	**(2,471,298)**	**-**	**570,892**	**12,122,461**
Change in net position	(2,068,370)	1,097,488	570,892	4,188,015
Total net position - beginning of year	12,627,190	25,061,474	9,321,339	104,200,514
Total net position - end of year	**$ 10,558,820**	**$ 26,158,962**	**$ 9,892,231**	**$ 108,388,529**

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	General Liability Insurance	Workers' Compensation Insurance	Technology Services	Facilities Maintenance
Cash Flows from Operating Activities				
Cash receipts from customers	$ 1,083,934	$ 519,057	$ 195,000	$ 3,916,223
Payments to suppliers	(2,504,907)	(84,122)	(16,625)	(6,502,092)
Payments to employees	(164,435)	(65,483)	-	(1,280,659)
Cash paid for claims	(3,588,423)	(799,775)	-	-
Net cash provided by (used for) operating activities	**(5,173,831)**	**(430,323)**	**178,375**	**(3,866,528)**
Cash Flows from Noncapital Financing Activities				
Cash transfers in	3,665,000	-	725,000	10,500,000
Cash transfers out	-	-	-	(867,133)
Net cash provided by (used for) noncapital financing activities	**3,665,000**	**-**	**725,000**	**9,632,867**
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	-	(129,170)
Proceeds from sale of asset	-	-	-	-
Net cash provided by (used for) capital and related financing activities	**-**	**-**	**-**	**(129,170)**
Cash Flows from Investing Activities				
Advances to other funds	-	-	-	(20,147,223)
Net cash provided by (used for) investing activities	**-**	**-**	**-**	**(20,147,223)**
Net increase (decrease) in cash and cash equivalents	**(1,508,831)**	**(430,323)**	**903,375**	**(14,510,054)**
Balances - beginning of year	5,842,460	4,459,596	9,932,987	30,935,875
Balances - end of the year	**$ 4,333,629**	**$ 4,029,273**	**$10,836,362**	**$ 16,425,821**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ (4,018,980)	$ (712,307)	$ (612,698)	$ (4,090,877)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	-	-	807,698	397,016
(Increase) decrease in assets:				
Customer receivables	-	-	-	(5)
Prepaid cost	(849,916)	1,250	-	1,496
Inventories	-	-	-	(19,100)
Increase (decrease) in liabilities:				
Accounts payable	-	(13,266)	(16,625)	(176,515)
Self insurance payable	(312,000)	294,000	-	-
Compensated absences	7,065	-	-	21,457
Net cash provided by (used for) operating activities	**$ (5,173,831)**	**$ (430,323)**	**$ 178,375**	**$ (3,866,528)**

City of Moreno Valley, California

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Fleet Operations	Equipment Replacement Reserve	Unfunded Liabilities	Total
Cash Flows from Operating Activities				
Cash receipts from customers	$ 2,436,273	$ 1,075,235	$ -	$ 9,225,722
Payments to suppliers	(1,248,626)	-	-	(10,356,372)
Payments to employees	(795,369)	-	-	(2,305,946)
Cash paid for claims	-	-	-	(4,388,198)
Net cash provided by (used for) operating activities	**392,278**	**1,075,235**	**-**	**(7,824,794)**
Cash Flows from Noncapital Financing Activities				
Cash transfers in	45,000	-	570,892	15,505,892
Cash transfers out	(2,516,298)	-	-	(3,383,431)
Net cash provided by (used for) noncapital financing activities	**(2,471,298)**	**-**	**570,892**	**12,122,461**
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	-	-	(129,170)
Proceeds from sale of asset	60,503	22,253	-	82,756
Net cash provided by (used for) capital and related financing activities	**60,503**	**22,253**	**-**	**(46,414)**
Cash Flows from Investing Activities				
Advances to other funds	-	-	-	(20,147,223)
Net cash provided by (used for) investing activities	**-**	**-**	**-**	**(20,147,223)**
Net increase (decrease) in cash and cash equivalents	**(2,018,517)**	**1,097,488**	**570,892**	**(15,895,970)**
Balances - beginning of year	12,716,645	25,061,474	9,321,339	98,270,376
Balances - end of the year	**$ 10,698,128**	**$ 26,158,962**	**$ 9,892,231**	**$ 82,374,406**
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	$ 342,425	$ 1,075,235	$ -	$ (8,017,202)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation	10,795	-	-	1,215,509
(Increase) decrease in assets:				
Customer receivables	20,000	-	-	19,995
Prepaid cost	709	-	-	(846,461)
Inventories	(5,150)	-	-	(24,250)
Increase (decrease) in liabilities:				
Accounts payable	(43,375)	-	-	(249,781)
Self insurance payable	-	-	-	(18,000)
Compensated absences	66,874	-	-	95,396
Net cash provided by (used for) operating activities	**$ 392,278**	**$ 1,075,235**	**$ -**	**$ (7,824,794)**

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, 2025

	MSHCP Trust	Pass Through Agreements	Total Custodial Funds
Assets			
Pooled cash and investments	$ 442,852	$ 37,508	$ 480,360
Total assets	**442,852**	**37,508**	**480,360**
Deferred outflows of resources	-	-	-
Total deferred outflows of resources	**-**	**-**	**-**
Liabilities			
Accounts payable	442,852	37,508	480,360
Total liabilities	**442,852**	**37,508**	**480,360**
Deferred inflows of resources	-	-	-
Total deferred inflows of resources	**-**	**-**	**-**
Net position	-	-	-
Restricted for organizations and other governments	-	-	-
Total net position	**$ -**	**$ -**	**$ -**

City of Moreno Valley, California

Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2025

	MSHCP Trust	Pass Through Agreements	Total Custodial Funds
Additions			
Receipts from property owners	$ 2,913,892	$ 4,387,300	$ 7,301,192
Total additions	**2,913,892**	**4,387,300**	**7,301,192**
Deductions			
Due to trustee	379,692	37,508	417,200
Payments to trustee	2,534,200	4,349,792	6,883,992
Total deductions	**2,913,892**	**4,387,300**	**7,301,192**
Net increase (decrease) in fiduciary net position	-	-	-
Net position - beginning of year	-	-	-
Net position - end of year	**$ -**	**$ -**	**$ -**

City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

Statistical Section

FISCAL YEAR ENDED JUNE 30, 2025

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

MORENO VALLEY, CALIFORNIA

City of Moreno Valley, California

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.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

City of Moreno Valley

Net Position by Component
Last ten fiscal years
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 843,153,359	$ 839,572,666	$ 837,174,593	$ 823,199,477	$ 807,820,542	$ 815,230,770	$ 790,714,054	$ 856,489,261	$ 877,152,233	$ 877,124,028
Restricted for:										
Community development projects	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104	76,026,632	45,190,864	46,500,366	45,227,393	46,277,224
Community and cultural	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049	22,426,157	23,276,291	30,105,216	764,243	1,016,898
Public Safety	473,282	509,262	595,357	618,440	583,248	583,248	422,503	604,679	23,428,211	19,846,381
Public works/capital projects	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024	63,605,906	87,504,537	6,029,354	110,536,171	103,371,277
Debt service	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207	6,224,295	6,021,107	6,021,107	5,988,930	6,038,300
Other Programs	707,617	949,249	1,155,659	1,350,421	1,411,128	1,608,165	1,884,724	2,475,298	65,441	82,251
Permanent Funds	337,682	338,156	324,240	336,843	345,754	346,215	44,353	51,578	2,785,056	2,738,778
Net OPEB asset	-	-	-	-	-	-	-	-	-	812,256
Unrestricted:	27,376,839	26,675,321	20,688,716	30,516,185	35,538,041	52,708,448	133,179,233	139,483,474	148,377,302	161,705,939
Total Governmental activities net position	$ 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	$ 1,081,739,227	$ 1,214,324,980	$ 1,219,013,332
Business-type activities										
Net investment in capital assets	$ 13,977,670	$ 20,512,511	$ 20,959,563	$ 25,289,496	$ 25,754,111	$ 29,351,232	$ 27,055,337	$ 30,453,356	$ 36,479,881	$ 37,896,263
Restricted for:										
Regulatory contingencies	-	4,806,157	5,460,607	6,125,796	5,048,552	6,069,655	7,939,389	10,225,486	12,051,980	14,338,812
Net OPEB asset	-	-	-	-	-	-	-	-	-	41,044
Unrestricted:	12,487,075	4,972,812	12,167,888	12,732,634	21,280,425	27,784,971	36,230,192	43,052,904	56,155,900	76,245,515
Total Business-type activities net position	$ 26,464,745	$ 30,291,480	$ 38,588,058	$ 44,147,926	$ 52,083,088	$ 63,205,858	$ 71,224,918	$ 83,731,746	$ 104,687,761	$ 128,521,634
Primary government										
Net investment in capital assets	$ 857,131,029	$ 860,085,177	$ 858,134,156	$ 848,488,973	$ 833,574,653	$ 844,582,002	$ 817,769,391	$ 886,942,617	$ 913,632,114	$ 915,020,291
Restricted for:										
Community development projects	67,426,468	63,563,689	69,723,387	72,126,493	71,043,104	76,026,632	45,190,864	46,500,366	45,227,393	46,277,224
Community and cultural	17,003,008	18,850,364	18,852,822	20,259,407	21,850,049	22,426,157	23,276,291	30,105,216	764,243	1,016,898
Public Safety	473,282	509,262	595,357	618,440	618,793	583,248	422,503	604,679	23,428,211	19,846,381
Public works/capital projects	45,945,528	47,002,124	50,262,334	59,592,469	59,630,024	63,605,906	87,504,537	81,457,406	110,536,171	103,371,277
Debt service	9,734,330	6,021,727	6,022,962	6,023,401	6,021,207	6,224,295	6,021,107	6,029,355	5,988,930	6,038,300
Other Programs	707,617	949,249	1,155,659	1,350,421	1,411,128	1,608,165	1,884,724	2,475,298	65,441	82,251
Permanent Funds	337,682	338,156	324,240	336,843	345,754	346,215	44,353	51,578	2,785,056	2,738,778
Public purpose programs	-	4,806,157	5,460,607	6,125,796	5,048,552	6,069,655	7,939,389	10,225,486	12,051,980	14,338,812
Net OPEB asset	-	-	-	-	-	-	-	-	-	853,300
Unrestricted:	39,863,914	31,648,133	32,856,604	43,248,819	56,818,466	80,493,419	169,409,425	182,536,378	204,533,202	237,951,454
Total primary government net position	$ 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	$ 1,319,012,741	$ 1,347,534,966

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 17,250,813	$ 20,743,087	$ 17,866,194	$ 17,692,328	$ 21,724,336	$ 22,833,748	$ 30,489,658	$ 26,811,517	$ 47,613,392	$ 60,848,507
Public safety	56,238,838	57,880,925	62,932,166	62,282,794	65,849,855	65,544,156	68,558,932	76,207,709	82,645,593	87,862,551
Community and economic development	9,228,108	9,895,574	16,127,907	17,643,399	15,366,811	17,029,907	18,199,243	15,911,117	19,107,022	22,007,980
Community and cultural	20,910,986	22,144,633	23,158,730	23,653,269	25,136,772	25,586,885	27,179,371	28,558,641	30,265,183	32,854,148
Public works	34,772,136	39,433,172	47,833,852	50,392,109	55,562,894	51,087,761	49,394,862	50,775,462	44,604,929	65,701,744
Interest	3,625,888	2,407,992	2,201,392	2,106,238	2,006,183	1,328,064	1,859,429	2,735,642	2,749,877	852,625
Total Governmental activities expenses	142,026,769	152,505,383	170,120,241	173,770,137	185,646,851	183,410,521	195,681,495	201,000,088	226,985,996	270,127,555
Business-type activities										
Electric	24,230,159	25,319,390	26,286,674	28,740,920	30,514,567	32,862,486	36,722,932	40,907,575	38,918,399	47,005,569
Total business-type activities expenses	24,230,159	25,319,390	26,286,674	28,740,920	30,514,567	32,862,486	36,722,932	40,907,575	38,918,399	47,005,569
Total primary government expenses	$ 166,256,928	$ 177,824,773	$ 196,406,915	$ 202,511,057	$ 216,161,418	$ 216,273,007	$ 232,404,427	$ 241,907,663	$ 265,904,395	$ 317,133,124
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 6,142,310	$ 6,705,689	$ 7,862,247	$ 7,531,941	$ 6,168,776	$ 7,236,038	$ 12,730,053	$ 10,276,989	$ 21,848,509	$ 15,642,026
Public safety	3,409,176	3,013,430	3,797,064	3,726,879	2,527,911	2,903,821	3,983,806	4,197,413	4,481,742	4,194,188
Community and economic development	7,437,687	3,710,803	10,912,039	14,891,509	9,015,897	19,231,538	11,511,757	11,883,403	13,268,006	22,726,838
Community and cultural	4,927,785	5,992,611	5,947,505	5,527,271	5,176,845	360,074	1,015,165	1,208,759	1,407,083	1,506,602
Public works	3,268,761	3,765,362	6,547,035	4,809,398	4,506,187	11,821,680	9,270,617	9,580,855	12,428,396	12,689,134
Operating contributions and grants:										
General government	121,850	146,906	325,286	235,088	348,315	250,857	352,232	327,845	928,079	538,050
Public safety	3,954,561	2,459,630	2,896,580	1,925,943	4,873,871	5,056,115	37,471,672	4,616,284	695,441	744,478
Community and economic development	1,225,925	120,222	363,296	253,588	777,408	5,888,527	9,584,813	26,378,847	2,445,606	5,127,060
Community and cultural	7,437,170	7,306,606	8,329,978	8,492,028	9,291,831	10,072,938	11,306,307	10,477,142	11,120,963	10,938,525
Public works	10,131,877	9,395,207	9,940,429	13,026,677	12,843,565	14,032,036	15,691,305	17,164,641	17,727,766	18,141,681
Capital grants and contributions										
General government	-	-	-	4,808	-	-	-	-	-	-
Community and economic development	16,349,211	-	-	-	-	-	-	-	-	-
Community and cultural	-	-	431,335	-	-	-	-	-	-	-
Public works	1,638,903	5,544,464	647,635	15,433,181	6,933,754	24,600,896	6,116,441	19,979,476	22,507,368	5,097,123
Total governmental activities program revenues	66,045,216	48,160,930	58,000,429	75,858,311	62,464,360	101,454,520	119,034,168	116,091,654	108,858,959	97,345,705
Business-type activities:										
Charges for services:										
Electric	29,363,663	29,090,573	31,443,140	31,074,323	35,899,025	39,507,049	45,339,827	48,711,053	52,621,285	65,086,891
Operating/Capital grants and contributions	-	-	-	2,496,022	1,704,623	3,831,308	832,461	2,208,429	2,777,088	127,524
Total business-type activities program revenues	29,363,663	29,090,573	31,443,140	33,570,345	37,603,648	43,338,357	46,172,288	50,919,482	55,398,373	65,214,415
Total primary government program revenues	$ 95,408,879	$ 77,251,503	$ 89,443,569	$ 109,428,656	$ 100,068,008	$ 144,792,877	$ 165,206,456	$ 167,011,136	$ 164,257,332	$ 162,560,120

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (Expense)/Revenue										
Governmental activities	$ (75,981,553)	$ (104,344,453)	$ (112,119,812)	$ (97,911,826)	$ (123,182,491)	$ (81,956,001)	$ (76,647,327)	$ (84,908,434)	$ (118,127,037)	$ (172,781,850)
Business-type activities	5,133,504	3,771,183	5,156,466	4,829,425	7,089,081	10,475,871	9,449,356	10,011,907	16,479,974	18,208,846
Total primary government net (expense)/revenue	$ (70,848,049)	$ (100,573,270)	$ (106,963,346)	$ (93,082,401)	$ (116,093,410)	$ (71,480,130)	$ (67,197,971)	$ (74,896,527)	$ (101,647,063)	$ (154,573,004)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 33,418,804	$ 35,664,089	$ 38,152,053	$ 40,517,556	$ 44,284,961	$ 47,480,138	$ 49,694,895	$ 54,491,764	$ 59,981,500	$ 63,344,023
Transient occupancy taxes	1,416,343	1,852,584	2,344,159	2,433,358	2,731,202	3,638,959	4,731,985	4,787,129	4,281,245	4,074,962
Sales taxes	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809	37,811,351	41,156,071
Franchise taxes	5,493,936	5,384,726	5,680,137	5,968,690	6,150,038	6,448,031	6,847,689	7,994,625	8,061,120	8,067,125
Business license taxes	2,249,400	2,291,816	2,351,794	2,451,260	2,461,291	2,664,404	2,668,645	2,959,202	3,018,980	2,944,235
Utility users taxes	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114	19,496,246	21,582,335
Other taxes	6,529,065	6,464,018	6,678,812	6,892,345	6,988,270	8,250,581	7,433,316	10,842,736	11,004,419	11,150,466
Franchise in lieu taxes	293,022	288,383	620,349	617,101	644,760	728,885	858,828	1,051,159	957,522	1,184,196
Documentary transfer tax	740,120	719,514	767,591	833,082	935,133	739,434	1,314,039	954,975	633,336	643,894
Use of money and property	4,774,277	2,639,133	6,166,810	9,724,871	12,006,098	2,306,145	(7,101,511)	8,393,925	19,950,223	23,087,967
Miscellaneous	1,975,035	769,125	1,040,861	999,027	1,090,864	1,872,604	1,398,878	12,728,963	4,059,441	152,172
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	82,756
Contributed capital	-	-	14,513,139	-	-	-	-	-	-	-
Transfers	-	-	300,000	5,354	147,460	-	-	-	-	-
Total governmental activities	91,652,221	90,082,314	113,437,322	107,134,892	113,437,997	116,214,123	126,125,157	159,867,401	169,255,383	177,470,202
Business-type activities										
Use of property and money	202,544	129,253	47,572	504,300	810,852	380,035	(1,654,123)	910,770	3,181,854	5,536,661
Miscellaneous	2,124,605	209,279	293,756	231,497	182,689	266,864	223,827	1,584,151	1,294,187	315,249
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	-	-	-	(226,883)
Contributed capital	-	-	3,098,784	-	-	-	-	-	-	-
Transfers	-	-	(300,000)	(5,354)	(147,460)	-	-	-	-	-
Total business-type activities	2,327,149	338,532	3,140,112	730,443	846,081	646,899	(1,430,296)	2,494,921	4,476,041	5,625,027
Total primary government	$ 93,979,370	$ 90,420,846	$ 116,577,434	$ 107,865,335	$ 114,284,078	$ 116,861,022	$ 124,694,861	$ 162,362,322	$ 173,731,424	$ 183,095,229
Change in Net Position										
Government activities	$ 15,670,668	$ (14,262,139)	$ 1,317,510	$ 9,223,066	$ (9,744,494)	$ 34,258,122	$ 49,477,830	$ 74,958,967	$ 51,128,346	$ 4,688,352
Business-type activities	7,460,653	4,109,715	8,296,578	5,559,868	7,935,162	11,122,770	8,019,060	12,506,828	20,956,015	23,833,873
Total primary government	$ 23,131,321	$ (10,152,424)	$ 9,614,088	$ 14,782,934	$ (1,809,332)	$ 45,380,892	$ 57,496,890	$ 87,465,795	$ 72,084,361	$ 28,522,225

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ 8,215,977	$ 8,395,058	$ 11,444,674	$ 10,973,748	$ 11,145,637	$ 11,360,516	$ 11,467,906	$ 11,654,770	$ 12,135,901	$ 11,538,433
Committed	2,755,281	13,359,691	13,844,094	16,187,828	16,187,828	17,111,082	18,970,110	25,301,966	25,749,777	27,147,533
Assigned	2,621,245	10,007,195	10,742,934	16,433,572	17,495,351	19,912,414	15,698,448	38,016,554	42,845,414	44,889,021
Unassigned	37,529,532	24,369,793	19,690,252	22,138,541	25,641,999	38,201,342	51,127,685	23,671,159	23,454,864	30,844,365
Total General Fund	$ 51,122,035	$ 56,131,737	$ 55,721,954	$ 65,733,689	$ 70,470,815	$ 86,585,354	$ 97,264,149	$ 98,644,449	$ 104,185,956	$ 114,419,352
All Other Funds										
Nonspendable	$ 5,869,254	$ 5,863,731	$ 301,800	$ 296,615	$ 288,098	$ 299,765	$ 502,038	$ 522,756	$ 315,953	$ 310,005
Restricted	103,223,132	98,182,217	110,783,344	123,852,864	125,764,203	129,507,392	164,344,379	167,223,894	188,807,328	179,371,109
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	-	-
Unassigned	(122,130)	(207,251)	(204,086)	(198,206)	-	(13,140)	(2,198,774)	(4,042,305)	(1,359,010)	(1,390,359)
Total all other funds	$ 109,970,256	$ 109,606,697	$ 116,649,058	$ 130,719,273	$ 133,820,301	$ 137,562,017	$ 170,415,643	$ 171,472,345	$ 187,764,271	$ 178,290,755

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue										
Taxes:										
Property taxes	$ 39,806,252	$ 35,664,089	$ 38,152,053	$ 40,517,556	$ 44,284,961	$ 47,480,138	$ 49,694,895	$ 54,491,764	$ 59,981,500	$ 63,344,023
Utility users taxes	15,824,481	15,613,484	15,629,102	15,483,806	15,499,534	16,361,233	17,708,256	19,501,114	19,496,246	21,582,335
Sales taxes	18,937,738	18,395,442	19,192,515	21,208,442	20,498,386	25,723,709	40,570,137	36,161,809	37,811,351	41,156,071
Other taxes	10,334,438	17,000,816	18,442,840	19,195,836	19,910,694	22,470,294	27,251,443	28,589,825	27,956,622	28,064,878
Licenses and permits	2,834,449	2,860,486	3,020,868	3,468,511	3,843,038	4,193,378	4,182,232	4,254,783	4,874,730	5,222,471
Intergovernmental	27,463,858	27,205,717	25,380,908	28,676,795	33,520,861	40,157,921	79,949,940	72,421,769	57,258,861	43,030,992
Fees and charges for services	21,193,893	20,967,315	27,564,951	30,913,729	24,349,889	29,879,326	28,693,598	40,149,340	41,710,252	37,646,258
Use of money and property	4,734,930	2,639,133	6,166,810	9,724,871	12,006,098	2,306,145	(7,101,511)	7,298,241	19,950,224	23,070,955
Fines and forfeitures	569,383	626,710	654,993	756,901	583,471	765,724	664,744	681,815	513,289	353,339
Miscellaneous	2,273,288	769,126	1,040,861	999,027	1,090,864	1,872,604	1,248,875	10,822,816	3,139,729	2,346,108
Total Revenues	143,972,710	141,742,318	155,245,901	170,945,474	175,587,796	191,210,472	242,862,609	274,373,276	272,692,804	265,817,430
Expenditures										
General government	16,275,216	16,860,169	15,663,530	15,912,863	18,917,838	19,799,613	32,927,152	22,235,810	27,425,597	34,707,729
Public safety	55,140,221	56,601,719	61,747,652	61,141,018	64,599,689	64,345,030	67,264,088	74,925,997	81,333,402	86,418,992
Community and economic development	9,116,820	8,759,075	15,367,566	13,531,870	14,336,632	16,522,665	18,006,440	15,718,315	18,871,678	21,773,018
Community and cultural	19,031,065	19,163,687	20,702,253	21,241,618	22,215,275	23,131,291	25,003,971	26,110,860	28,821,492	31,619,921
Public works	19,293,627	18,434,525	19,311,593	20,516,249	21,395,223	20,209,010	22,753,740	24,203,895	27,299,933	29,498,394
Capital outlay	19,586,004	11,038,070	13,234,873	12,203,689	18,680,033	20,407,331	19,082,597	82,700,583	40,137,035	46,009,049
Debt service										
Principal retirement	3,092,176	2,613,000	1,920,000	2,005,000	2,117,000	2,757,000	3,061,950	3,844,680	3,480,254	24,989,755
Interest and fiscal charges	2,950,685	2,500,775	2,399,001	2,304,456	2,205,181	1,501,066	1,617,657	1,587,143	1,596,492	1,687,649
Bond issuance costs	-	-	-	-	-	381,094	-	-	-	-
Total Expenditures	144,485,814	135,971,020	150,346,468	148,856,763	164,466,871	169,054,100	189,717,595	251,327,283	228,965,883	276,704,507
Excess (Deficiency) of revenues over (under) expenditures	(513,104)	5,771,298	4,899,433	22,088,711	11,120,925	22,156,372	53,145,014	23,045,993	43,726,921	(10,887,077)
Other Financing Sources (Uses)										
Transfers in [(1)]	9,218,855	11,834,731	21,981,064	19,333,554	19,029,915	32,697,172	39,319,526	49,392,796	29,560,598	71,534,766
Transfers out [(1)]	(8,588,009)	(9,397,470)	(20,397,921)	(18,964,541)	(22,462,686)	(35,957,806)	(51,741,289)	(71,954,569)	(52,373,896)	(83,657,228)
Transfers from Successor Agency	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	-	-	-	-	-	-	-	-	-	2,262,806
Lease acquisition	-	-	-	-	-	-	2,659,170	-	-	1,415,127
SBITA acquisition								1,802,782	919,810	446,070
Payment to refunded bond escrow agent	-	-	-	-	-	(20,382,555)	-	-	-	-
Refunding bonds issued	-	-	-	-	-	20,970,000	-	-	-	19,645,416
Total other financing sources (uses)	1,952,333	2,587,261	1,733,143	1,993,239	(3,282,771)	(2,523,189)	(9,612,593)	(20,608,991)	(21,893,488)	11,646,957
Net change in fund balances	$ 1,439,229	$ 8,358,560	$ 6,632,576	$ 24,081,950	$ 7,838,154	$ 19,633,183	$ 43,532,421	$ 2,437,002	$ 21,833,433	$ 759,880
Debt service as a percentage of noncapital expenditures	4.84%	4.09%	3.15%	3.15%	2.96%	3.12%	2.74%	3.22%	2.91%	11.45%

Source: City of Moreno Valley Financial and Management Services Department

See accompanying Notes to the Basic Financial Statements:
[(1)] Note 7

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
2016	$12,679,455	$ 16,409,009	$15,824,481	$18,937,738	$1,416,343	$5,786,958	$ 2,249,400	$ 740,120	$ -	$74,043,504
2017	13,593,075	17,430,250	15,613,484	18,395,442	1,852,584	5,673,110	2,291,816	719,514	-	75,569,275
2018	14,696,576	18,406,258	15,629,102	19,192,515	2,344,159	6,300,485	2,351,794	767,591	-	79,688,480
2019	15,623,696	19,577,636	15,483,806	21,208,442	2,433,358	6,585,791	2,451,261	833,082	-	84,197,072
2020	17,217,684	21,232,068	15,499,534	20,498,386	2,731,202	6,794,798	2,461,291	935,134	47,589 (1)	87,417,686
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	98,745,386
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
2024	23,928,256	28,131,102	19,496,246	37,811,351	4,281,245	9,018,642	3,018,980	633,336	2,930,638	129,249,796
2025	25,592,633	29,543,294	21,582,335	41,156,071	4,074,962	9,251,321	2,944,235	643,894	2,193,759	136,982,504
Change 2016 to 2025	102%	80%	36%	117%	188%	60%	31%	(13%)	n/a	85%

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

Fiscal Year	Utility Users Taxes	Property Taxes	Property Taxes In-Lieu of VLF	Sales Taxes	Property Taxes In-Lieu of Sales Taxes	Development Services
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
2024	19,496,246	23,928,256	28,131,102	37,811,351	-	9,390,201
2025	21,582,335	25,592,633	29,543,294	41,156,071	-	9,673,719

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
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	16,127,797	(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
2024	22,081,305	1,037,342	23,118,647	(446,203)	22,672,444	0.00156
2025	23,271,313	1,105,029	24,376,342	(545,345)	23,830,997	0.00160

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									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
City Direct Rate:	$ 0.00173	$ 0.00172	$ 0.00169	$ 0.00166	$ 0.00162	$ 0.00155	$ 0.00152	$ 0.00153	$ 0.00156	$ 0.00160
Redevelopment Agency Direct Rate:	-	-	-	-	-	-	-	-	-	-
Total Direct Tax Rate:	**0.00173**	**0.00172**	**0.00169**	**0.00166**	**0.00162**	**0.00155**	**0.00152**	**0.00153**	**0.00156**	**0.00160**
Eastern Municipal Water Imp Dist	0.01100	0.01100	0.01000	0.01000	0.01000	0.01000	0.01000	0.00600	0.00600	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	0.00700
Moreno Valley Unified School District	0.10223	0.10320	0.09333	0.09864	0.09980	0.09714	0.09817	0.09817	0.09817	0.09816
Mt. San Jacinto Jr College	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.00268
Riverside City Community College District	0.01725	0.01649	0.01616	0.01478	0.01476	0.01470	0.01470	0.01470	0.01470	0.01230
San Jacinto Unified School District	0.11727	0.11656	0.15078	0.15291	0.15292	0.15291	0.15291	0.14988	0.14988	0.14000
Val Verde Unified District	0.07135	0.07210	0.06368	0.06966	0.06368	0.11200	0.11200	0.11200	0.11200	0.10000
Total Tax Rate	$ 0.33827	$ 0.33777	$ 0.35234	$ 0.36435	$ 0.35948	$ 0.40500	$ 0.40600	$ 0.39898	$ 0.39901	$ 0.36774

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	2025 Taxable Assessed Value	2025 Rank	2025 Percent of Total City Taxable Assessed Value	2016 Taxable Assessed Value	2016 Rank	2016 Percent of Total City Taxable Assessed Value
Prologis	$ 437,930,883	1	1.84%	$ -		-
HF Logistics SKX T1 LLC	325,236,277	2	1.36%	-		-
Duke Realty LP	280,471,437	3	1.18%	-		-
First Industrial LP	279,104,876	4	1.17%	96,338,637	6	0.73%
TGA Centerpointe LLC	277,895,471	5	1.17%	-		-
Skechers USA, Inc.	238,497,106	6	1.00%	-		-
Ross Dress For Less, Inc.	162,647,091	7	0.68%	137,855,825	3	1.04%
Amazon Com Services LLC	153,019,646	8	0.64%	-		-
FR Cal Moreno Valley LLC	137,180,841	9	0.58%	-		-
FR Cal Indian Avenue LLC	130,458,771	10	0.55%	-		-
HF Logistics SKX/ Sketchers	-		-	220,979,063	1	1.67%
FR Calfirornia Indian Avenue	-		-	168,378,744	2	1.27%
Walgreen Company	-		-	117,547,840	4	0.89%
Golden State FC LLC	-		-	108,546,560	5	0.82%
IIT Inland Empire Logistics Center	-		-	92,170,534	7	0.70%
Kaiser	-		-	90,084,923	8	0.68%
Stonegate 552	-		-	84,647,427	9	0.64%
I 215 Logistics	-		-	83,965,386	10	0.64%
	$ 2,422,442,399		10.17%	$ 1,200,514,939		9.08%

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
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%
2024	40,021,738	40,021,738	100.00%	-	40,021,738	100.00%
2025	42,238,316	42,147,170	99.78%	91,146	42,238,316	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. Not all City Districts participate in the Teeter Plan.

[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 2024/25 Assessed Valuation	$ 23,809,236,032		

OVERLAPPING TAX AND ASSESSMENT DEBT	**Total Debt 6/30/2025**	**% Applicable [1]**	**City's Share of Debt 6/30/2025**
Metropolitan Water District	$ 17,155,000	0.585%	$ 100,357
Eastern Municipal Water District I.D. No U-22	1,080,000	99.134%	1,070,647
Riverside Community College District	478,850,423	14.577%	69,802,026
Mount San Jacinto Community College District	237,330,000	0.018%	42,719
Moreno Valley Unified School District	428,227,607	79.756%	341,537,210
San Jacinto Unified School District	69,055,000	0.516%	356,324
Val Verde Unified School District	307,156,948	27.203%	83,555,905
Moreno Valley Unified School District Community Facilities District No. 2002-1	7,538,287	100%	7,538,287
Moreno Valley Unified School District Community Facilities District No. 2003-1&2	11,945,517	100%	11,945,517
Moreno Valley Unified School District Community Facilities District No. 2004-1	1,805,000	100%	1,805,000
Moreno Valley Unified School District Community Facilities District No. 2004-2	5,100,243	100%	5,100,243
Moreno Valley Unified School District Community Facilities District No. 2004-3	2,575,000	100%	2,575,000
Moreno Valley Unified School District Community Facilities District No. 2004-4	3,405,000	100%	3,405,000
Moreno Valley Unified School District Community Facilities District No. 2004-5	3,060,000	100%	3,060,000
Moreno Valley Unified School District Community Facilities District No. 2004-6	27,920,532	100%	27,920,532
Moreno Valley Unified School District Community Facilities District No. 2005-1	6,000,000	100%	6,000,000
Moreno Valley Unified School District Community Facilities District No. 2005-2, 3, 4 & 5	20,080,000	100%	20,080,000
Moreno Valley Unified School District Community Facilities District No. 2007-1	4,485,000	100%	4,485,000
Moreno Valley Unified School District Community Facilities District No. 2015-2	6,090,000	100%	6,090,000
Moreno Valley Unified School District Community Facilities District No. 2015-3	3,900,000	100%	3,900,000
Moreno Valley Unified School District Community Facilities District No. 2016-1	5,020,000	100%	5,020,000
Moreno Valley Unified School District Community Facilities District No. 2017-1	3,510,000	100%	3,510,000
Moreno Valley Unified School District Community Facilities District No. 2018-1	9,825,000	100%	9,825,000
Moreno Valley Unified School District Community Facilities District No. 2019-1	5,290,000	100%	5,290,000
Moreno Valley Unified School District Community Facilities District No. 2019-2	4,920,000	100%	4,920,000
Moreno Valley Unified School District Community Facilities District No. 2020-1	3,925,000	100%	3,925,000
Moreno Valley Unified School District Community Facilities District No. 2023-1	8,535,000	100%	8,535,000
Val Verde Unified School District Community Facilities District No. 98-1	6,510,000	100%	6,510,000
Val Verde Unified School District Community Facilities District No. 2003-2	1,960,000	100%	1,960,000
Val Verde Unified School District Community Facilities District No. 2014-1	6,530,000	100%	6,530,000
Val Verde Unified School District Community Facilities District No. 2018-1	12,290,000	100%	12,290,000
Eastern Municipal Water District Community Facilities Districts	14,873,000	100%	14,873,000
City of Moreno Valley Community Facilities District No. 5	4,180,000	100%	4,180,000
City of Moreno Valley Community Facilities District No. 7, 1.A. No. 1	2,715,000	100%	2,715,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			$ 690,452,767
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Riverside County General Fund Obligations	$ 1,134,209,783	5.610%	$ 63,629,169
Riverside County Pension Obligations	603,055,000	5.610%	33,831,386
Riverside City Community College District Certificates of Participation	23,830,000	14.577%	3,473,699
Moreno Valley Unified School District Certificates of Participation	2,560,000	79.756%	2,041,754
San Jacinto Unified School District Certificates of Participation	36,090,000	0.516%	186,224
Val Verde Unified School District Certificates of Participation	30,880,000	27.203%	8,400,286
Western Municipal Water District Certificates of Participation	1,377,594	0.164%	2,259
City of Moreno Valley General Fund Obligations	**41,465,021**	**100%**	**41,465,021**
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 153,029,798
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):	$ 63,645,000	20.139 - 100%	$ 43,200,584
TOTAL DIRECT DEBT			**41,465,021**
TOTAL OVERLAPPING DEBT			845,218,128
COMBINED TOTAL DEBT			886,683,149[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 2024-25 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	2.90%
Total Direct Debt ($41,465,021)	**0.17%**
Combined Total Debt	3.72%

Ratios to Redevelopment Succesor Agencies Incremental Valuation ($5,600,264,918):	
Total Overlapping Tax Increment Debt	0.77%

Source: MuniServices, LLC/ Neumo
California Municipal Statistics, Inc

City of Moreno Valley

Legal Debt Margin
Last Ten Fiscal Years
(dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2025:

Assessed Value	$ 23,830,433
Debt Limit (15% of assessed value)	3,574,565
Debt applicable to limit:	
	-
Total net debt applicable to limit	$ -

	Fiscal Year									
	2016	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Assessed Valuation (in thousands)	$ 13,082,108	$ 13,909,814	$ 14,693,509	$ 15,633,325	$ 17,135,121	$ 18,340,853	$ 19,207,905	$ 20,881,886	$ 22,672,410	$ 23,830,433
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation (in thousands)	3,270,527	3,477,454	3,673,377	3,908,331	4,283,780	4,585,213	4,801,976	5,220,472	5,668,103	5,957,608
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit (in thousands)	490,579	521,618	551,007	586,250	642,567	687,782	720,296	783,071	850,215	893,641
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin (in thousands)	490,579	521,618	551,007	586,250	642,567	687,782	720,296	783,071	850,215	893,641
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

	Governmental Activities						Business-type Activities					
Fiscal Year Ended June 30	Certificates of Participation	Lease Revenue Bonds	Notes and Other	Lease Payables	SBITA Payables	Total Governmental Activities	Lease Revenue Bonds	Notes and Other	Total Businesstype Activities	Total Primary Government	Percentage of Personal Income [1]	Debt per Capita
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	6,425,773	52,543,974	96,778,620	1.62%	465
2024	16,935,000	22,103,883	-	1,447,679	1,115,005	41,601,567	44,518,578	5,936,832	50,455,410	92,056,977	1.65%	444
2025	15,955,000	20,136,962	-	2,396,730	2,976,329	41,465,021	42,838,426	5,430,777	48,269,203	89,734,224	1.51%	426

[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 Bank of America Leasing & Capital for the purchase and retrofit of streetlights.

Source: City of Moreno Valley Financial and Management Services Department
Riverside County Economic Development Agency
State of California Department of Finance

City of Moreno Valley

Ratio of Bonded Debt
Last Ten Fiscal Years

Fiscal Year Ended June 30, (1)	Certificates of Participation	Lease Revenue Bonds	Direct Placement	Total Governmental Activities	Less: Amounts Available in Debt Service Fund (2)	Net Governmental Activities	Percent of Assessed Value (3)	Per Capita (4)
2016	$ 20,000,000	$ 33,788,512	$ 2,062,000	$ 55,850,512	$ 9,734,330	$ 46,116,182	0.42%	$ 272
2017	19,391,245	32,324,572	1,800,000	53,515,817	6,021,727	47,494,090	0.38%	259
2018	18,881,643	31,002,924	1,527,000	51,411,567	6,022,962	45,388,605	0.35%	248
2019	18,347,041	29,630,276	1,245,000	49,222,317	6,023,401	43,198,916	0.31%	236
2020	17,782,439	28,184,628	954,000	46,921,067	6,021,207	40,899,860	0.27%	225
2021	19,830,000	26,682,981	649,000	47,161,981	6,224,295	40,937,686	0.26%	225
2022	18,870,000	25,116,334	331,000	44,317,334	6,021,107	38,296,227	0.23%	212
2023	17,905,000	23,473,688	-	41,378,688	6,029,355	35,349,333	0.20%	199
2024	16,935,000	22,103,883	-	39,038,883	6,000,813	33,038,070	0.17%	188
2025	15,955,000	20,136,962	-	36,091,962	6,038,300	30,053,662	0.15%	171

Notes:
General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which the City has none).

(1) Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

(2) This is the amount restricted for debt service principal payments.

(3) See the Schedule of Direct and Overlapping Debt for property value data.

(4) Population data can be found in the schedule of Demographic and Economic Statistics.

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

Towngate Community Facilities District No. 87-1, 2007 Special Tax Refunding Bonds

Fiscal Year Ended June 30,	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
2016	$ -	$ 1,190,000	$ 760,000	$ 253,381	1.17
2017	-	1,175,245	790,000	218,431	1.17
2018	-	1,173,745	830,000	177,931	1.16
2019	-	1,171,595	870,000	136,106	1.16
2020	-	737,598	910,000	96,831	0.73
2021	-	-	-	-	- [1]
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-

Community Facilities District No. 5 of the City of Moreno Valley (Stoneridge)

Fiscal Year Ended June 30,	Special Tax Levy	Debt Service Principal	Debt Service Interest	Coverage
2016	$ 405,862	$ 65,000	$ 278,893	1.18
2017	368,314	75,000	275,775	1.05
2018	419,663	85,000	272,175	1.17
2019	429,694	95,000	268,125	1.18
2020	415,790	110,000	263,458	1.11
2021	-	-	-	- [1]
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-

Towngate Community Facilities District No. 87-1, Improvement No. 1 Special Tax Refunding Bonds

Fiscal Year Ended June 30,	Special Tax Levy	Property Tax Increment	Debt Service Principal	Debt Service Interest	Coverage
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
2019	112,239	279,775	275,000	81,676	1.10
2020	88,489	277,188	290,000	68,536	1.02
2021	-	-	-	-	- [1]
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	-	-	-	-

Community Facilities District No. 7 Improvement Area 1 Special Tax Bonds Series 2016

Fiscal Year Ended June 30,	Special Tax Levy	Debt Service Principal	Debt Service Interest	Coverage
2016	$ -	$ -	$ -	-
2017	-	-	-	-
2018	189,410	-	94,088	2.01
2019	-	75,000	93,338	-
2020	0.00	75,000	91,388	0.00
2021	-	-	-	- [1]
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-

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

Calendar Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
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%
2024	207,146	5,564,149	26,861	6.0%
2025	210,823	5,956,804	28,255	6.6%

Data Source:

California Department of Finance
https://dof.ca.gov/reports/demographic-reports/

Employment Development Department
http://www.edd.ca.gov/

City of Moreno Valley

Principal Employers
Current Year and Nine Years Ago

Employer	Sector	Business Type	2025 Number of Employees	2025 Percent of Total Employment	2016 Number of Employees	2016 Percent of Total Employment
March Air Reserve Base	Military/Public Sector	Military Reserve Base	7,000	6.78%	8,600	9.30%
Riverside County Regional Medical Center	Medical Facilities	County Hospital	4,533	4.39%	2,987	3.23%
Amazon Fulfillment Center	Fulfillment	Retail Distribution	3,733	3.61%	7,500	8.11%
Moreno Valley Unified School District	Public Sector	Public Schools	3,579	3.46%	3,489	3.77%
Ross Distribution Center	Distribution	Retail Distribution	1,803	1.75%	1,921	2.08%
Kaiser Permanente	Medical Facilities	Hospital/ Medical Services	1,643	1.59%	789	0.85%
Harbor Freight Tools	Retail	Retail Distribution	1,075	1.04%	800	0.86%
Procter & Gamble	Distribution	Retail Distribution	642	0.62%		
Val Verde Unified School District	Public Sector	Public Schools	640	0.62%	680	0.74%
City of Moreno Valley	Public Sector	Municipal Government	556	0.54%		
Moreno Valley Mall	Retail	Retail Mall			1,390	1.50%
Walgreens Distribution Center	Distribution	Retail Distribution			600	0.65%

“Total Employment” as used above represents the total employment of all employers located within City limits.

Source: MuniServices, LLC/Neumo

City of Moreno Valley

Full-time and Part-time City Employees by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	91	101	104	112	104	95	101	105	115	122
Public Works	118	121	121	121	124	127	145	146	157	164
Community Development	60	51	60	52	52	52	50	55	85	83
Parks and Community Services	138	147	149	142	124	130	130	133	144	143
Animal Services	22	26	22	22	24	22	21	24	30	31
Public Safety [1]	284	291	289	289	285	275	290	307	309	340
	713	737	745	738	713	701	737	770	840	883

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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Lane miles of streets	1,080	1,080	1,090	1,122	1,122	1,122	1,125	1,125	1,260	1,260
Number of street lights	11,620	11,694	12,011	12,083	12,240	12,252	12,305	12,444	12,491	12,600
Number of traffic signals	188	191	190	190	191	192	197	198	199	201
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	3	2	2	4	3	4	3	2	1	1
Recreation and culture:										
Parks	38	38	38	38	38	34	35	33	35	36
Maintained acreage of parks	533	540	540	547	545	593	596	551	549	551
Parks under construction	-	-	-	-	2	2	1	-	1	1
Acreage of parks under construction	-	-	-	-	7	9.94	2.85	-	1.80	1.80
Multi-use athletic fields	24	24	24	24	24	24	24	25	25	24
Conference/Recreation centers	1	1	1	1	1	1	1	1	1	1
Square footage of recreation centers	42,800	42,800	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	11	11	11	12	11.68	11.68	12.30	14.46	14.46	14.46
Bikeway trails miles maintained	n/a	n/a	n/a	3	3.32	3.32	5.75	3.61	3.61	3.61
Community centers	4	4	4	4	4	4	4	5	4	4
Square footage of community centers	38,758	38,758	38,758	38,758	38,758	38,758	38,758	38,758	38,758	38,758
Sports courts	24	24	24	24	24	24	24	25	34	34
Skate parks	1	1	1	2	2	2	2	2	2	2
Square footage of skate parks	18,500	18,500	18,500	23,500	23,500	23,500	23,500	23,500	23,500	28,100
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	27	28	28	28	28	28	29	31	32	34
Water play features	2	2	2	2	2	2	2	2	2	2
Library	1	1	2	2	3	3	3	3	3	3
Utilities:										
Residential utility meters	5,365	5,494	5,725	5,953	6,099	6,349	6,679	6,825	7,383	8,163
Commercial utility meters	663	673	694	715	725	767	780	898	953	1,020

Sources: City of Moreno Valley 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									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
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	75	75	67	61	83	93	82	102
Volunteers	16	14	11	7	14	10	27	31	17	14
Non-sworn personnel	12	11	10	12	11	11	4	4	11	11
OEM non-sworn personnel	3	3	3	3	3	3	3	3	4	4
Responses to emergency calls	19,006	21,268	19,807	19,753	20,354	21,326	22,536	29,709	23,433	24,901
Inspections and Permits	6,382	4,741	3,737	3,279	3,298	4,848	9,074	11,258	12,029	8,440
Apartment Complex Inspections	1,943	771	1,160	757	704	560	629	665	711	1,788
Plan checks	1,317	861	1,202	1,747	1,385	1,802	2,033	3,275	2,575	3,083
Counter/Public inquiries	2,604	2,162	2,472	2,605	1,790	62	819	691	719	748
Police protection:										
Provided through contract with the County of Riverside Sheriff's Department:										
Sworn officers	150	150	150	150	150	150	146	151	160	155
Classified personnel	50	50	46	45.00	49	47.50	49.50	51.50	51.50	67.50
City support personnel	-	-	1	1	1	1	1	1	1	1
Volunteers	72	88	149	62	53	12	19	16	17	14
Responses to Calls:										
Priority 1	461	446	521	473	488	568	567	675	596	552
Priority 1A	1,480	1,398	1,553	1,477	1,587	1,450	1,589	1,538	1,483	1,297
Priority 2	30,294	31,097	31,450	30,544	30,798	28,619	28,768	27,168	25,811	24,805
Priority 3	35,317	33,816	31,841	28,206	26,924	27,325	25,867	25,790	21,774	21,761
Priority 4	17,944	17,841	16,708	15,787	15,681	15,999	13,743	13,497	11,119	10,064
Priority 5	54	18	11	9	8	19	12	2	19	11
Priority 8	-	-	-	-	3	-	-	1	-	-
Priority 9	295	331	292	296	279	267	261	345	239	148
Cancelled	26,061	22,903	19,210	18,710	23,592	19,593	21,081	14,252	7,539	8,300
Disp/Arr Time Missing	8,807	7,592	7,077	7,493	7,732	6,702	7,212	7,168	5,418	5,889
Same Disp/Arr Time	47,794	67,829	66,269	45,609	42,647	34,174	36,429	38,621	37,129	38,031
Tactical Response Unit Calls	27	39	34	1	1	2	-	339	2,412	2,749
Building and Safety:										
Building permits issued	2,411	2,823	4,369	4,499	4,149	4,723	5,782	6,551	5,795	5,399
Counter requests for service	8,066	7,895	9,615	9,572	7,532	430	4,482	5,545	5,011	6,018
Planning:										
Planning applications processed	672	494	674	757	745	992	1,713	1,302	1,054	1,007
Planning public counter customers	3,366	3,598	4,018	5,313	4,275	286	2,802	2,731	2,360	2,278
Recreation and culture:										
Rounds of golf played	8,237	6,500	7,652	2,635	7,144	12,737	6,770	8,880	10,187	13,318
Community center rentals	1,235	1,300	1,026	1,432	453	36	801	943	799	1,198
Participants in recreation programs	44,000	46,000	48,000	69,430	64,559	15,464	45,425	55,588	58,125	67,206
Utilities:										
Average residential daily consumption (kilowatt hours)	19.70	19.70	20.20	19.63	19.36	22.27	20.45	16.49	15.40	11.87
Average commercial daily consumption (kilowatt hours)	622.24	646.20	630.80	571.48	576.28	585.58	592.18	596.10	818.95	431.20
New residential connections	105	129	231	228	146	250	330	146	558	806
New commercial connections	11	10	21	21	10	42	13	118	55	56
Employees:										
Members of City Council	5	5	5	5	5	5	5	5	5	5
Members of the Planning Commission	9	8	7	7	7	7	6	4	8	7
Full-time career status (FTE)	264	262	263	272	281	275	266	306	316	324
Part-time career status (FTE)	15	12	13	14	15	12	3	5	4	5
Animal Shelter visitors (prior year information not available)	n/a	n/a	n/a	31,788	23,150	3,799	18,796	19,760	18,485	17,164

Sources: City of Moreno Valley Financial and Management Services, Fire Department, Police Department, Community Development, Parks & Community Services, Public Works, Utilities.

City of Moreno Valley
FINANCIAL & MANAGEMENT SERVICES

14177 Frederick Street
Moreno Valley, CA 92552-0805
Tel. 951.413.3021

WWW.MOVAL.ORG

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APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture of Trust which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INSTALLMENT PURCHASE AGREEMENT

DEFINITIONS

Definitions. Unless the context otherwise requires, the terms defined in the Installment Purchase Agreement will for all purposes of the Installment Purchase Agreement and of any amendment of the Installment Purchase Agreement or supplement to the Installment Purchase Agreement and of any report or other document mentioned in the Installment Purchase Agreement have the meanings defined in the Installment Purchase Agreement, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined in the Installment Purchase Agreement. All capitalized terms used in the Installment Purchase Agreement and not defined in the Installment Purchase Agreement have the meanings ascribed thereto in the Indenture.

Accountant's Report

The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Act

The term "Act" means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

Agency

The term "Agency" means the former Community Redevelopment Agency of the City.

Authority

The term "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.

Bonds

The term "Bonds" means all revenue bonds or notes of the City authorized, executed, issued and delivered by the City, the payments of which are payable from Net Electric System Revenues on a parity with the 2026A Bonds and which are secured by a pledge of and lien on the Electric System Revenues as described in the Installment Purchase Agreement.

City

The term "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.

City Council

The term “City Council” means the City Council of the City.

City Representative

The term “City Representative” means the Mayor, the Mayor Pro Tem, the City Manager, the Chief Financial Officer of the City, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to the Installment Purchase Agreement.

Commodity Swap

The term “Commodity Swap” means a commodity swap entered into by the City to hedge the cost of power and energy and which is not secured by a pledge of Electric System Revenues or payable from Electric System Net Revenues on a parity with the 2026A Bonds.

Contracts

The term “Contracts” means and is limited to all contracts of the City previously or later authorized and executed by the City which are on a parity with the 2026A Bonds and which are secured by a pledge and lien on the Electric System Revenues as described in the Installment Purchase Agreement, but excluding (i) any contracts entered into for operation and maintenance of the Electric System, (ii) contracts for the purchase of power, energy and related services which are treated as Operation and Maintenance Costs of the Electric System in accordance with clause (ii) as the definition thereof, and (iii) Commodity Swaps.

Date of Operation

The term “Date of Operation” means, with respect to any uncompleted Parity Project, the estimated date by which such Parity Project will have been completed and, in the opinion of an Independent Engineer, will be ready for commercial operation by or on behalf of the City.

Debt Service

The term “Debt Service” means, for any period of calculation, the sum of:

(1) the interest payable during such period on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(2) those portions of the principal amount of all outstanding serial Bonds maturing in such period, but excluding Excluded Principal;

(3) those portions of the principal amount of all outstanding term Bonds required to be prepaid or paid in such period, but excluding Excluded Principal; and

(4) those portions of the Contracts required to be made during such period, (except to the extent the interest evidenced and represented thereby is capitalized or is reasonably anticipated to be reimbursed to the City by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No.

111 5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program) and excluding Excluded Principal;

but less the earnings to be derived from the investment of moneys on deposit in debt service reserve funds established for Bonds or Contracts;

provided that, as to any such Bonds or Contracts bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service will, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and

(ii) if such Bonds or Contracts have been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation, or if such Bonds or Contracts have not been outstanding for the twelve prior months, the average rate borne by reference to an index comparable to that to be utilized in determining the interest rate for the Bonds to be issued or the Contracts to be executed;

provided further that if any series or issue of such Bonds or Contracts have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service will be determined for the period of determination as if the principal of and interest on such series or issue of such Bonds or Contracts were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of twenty-five (25) years from the date of calculation; and

provided further that, as to any such Bonds or Contracts or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Contracts or portions thereof, such accreted discount will be treated as interest in the calculation of Debt Service; and

provided further that if the Bonds or Contracts constitute paired obligations, the interest rate on such Bonds or Contracts will be the resulting linked rate or the effective fixed interest rate to be paid by the City with respect to such paired obligations; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service will be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and to the extent the amount in such debt service reserve fund is in excess of such amount of principal, such excess will be applied to the full amount of principal due, in each preceding year, in descending order, until such amount is exhausted.

Energy Service

The term "Energy Service" means the electric generation, transmission and distribution service made available or provided by the Electric System.

Electric System

The term "Electric System" means (i) all energy generation, transmission and distribution facilities of the City existing on the date of the Installment Purchase Agreement, and (ii) all additions, betterments, extensions and improvements to such existing energy generation, transmission and distribution facilities hereafter acquired or constructed, (iii) other energy distribution facilities of the City hereafter acquired or constructed, (iv) all other generation facilities of the City hereafter acquired or constructed other than generating facilities determined by the City Council not to be included in the Electric System and which are not financed from Electric System Revenues or Net Electric System Revenues or from the proceeds of Bonds or Contracts, and (v) other transmission facilities of the City hereafter acquired and constructed and determined by the City Council to be a part of the Electric System.

Electric System Revenue Fund

The term "Electric System Revenue Fund" means the Electric System Revenue Fund established pursuant to the Installment Purchase Agreement.

Electric System Revenues

The term "Electric System Revenues" means all income, rents, rates, fees, charges and other moneys derived from or attributable the ownership or operation of the Electric System calculated in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing,

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City from the sale, furnishing and supplying of electric generation, transmission and distribution through the facilities of or in the conduct or operation of the business of the Electric System; plus

(2) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the City under any contract for the sale of power, energy, transmission or other services from the Electric System or any part thereof or any contractual arrangement with respect to the use of the Electric System or any part thereof or the services, output or capacity thereof;

(3) connection charges or similar charges related to the Electric System; plus

(4) payments received by the City in connection with any commodity swaps related to the Electric System, including Commodity Swaps;

(5) the earnings on and income derived from the investment of the amounts described in clauses (1) through (4) above, and from investment of amounts in the Electric System Revenue Fund; plus

(6) the earnings on and income derived from investment of the City reserves allocated to the Electric System;

In addition, the term "Electric System Revenues" will include, and notwithstanding the application of generally accepted accounting principles, all amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund during any Fiscal Year in accordance with the Installment Purchase Agreement;

but excluding in all cases (i) any amounts transferred from the Electric System Revenue Fund to the Rate Stabilization Fund during any Fiscal Year in accordance with the Installment Purchase Agreement, (ii) customer deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the City, (iii) any proceeds of taxes restricted by law to be used by the City to pay obligations of the City other than Bonds or Contracts, and (iv) revenues with respect to any energy generation or transmission facilities of the City which are not a part of the Electric System as determined in accordance with clauses (iv) and (v) of the definition of Electric System.

Engineer's Report

The term "Engineer's Report" means a report by an Independent Engineer.

Event of Default

The term "Event of Default" means any of the events specified in the Installment Purchase Agreement.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract: (1) which is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months; and (2) for which a certificate of an authorized representative of the City has been prepared to the effect that the City intends to pay such principal from the proceeds of Bonds, Contracts, other bonds, notes or other obligations or moneys other than Revenues. No such determination will affect the security for such Bonds or Contracts or the obligation of the City to pay such Bonds or Contracts from the sources set forth in the applicable resolution or contract.

Fiscal Year

The term “Fiscal Year” means the twelve month period beginning on July 1 of each year and ending on June 30 of the following year, both dates inclusive, or any other twelve month period later selected and designated as the official Fiscal Year of the City.

Indenture

The term “Indenture” means the Indenture of Trust, dated as of June 1, 2026, by and between the Authority and the Trustee, as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the City, each of whom is independent of the City pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Engineer

The term “Independent Engineer” means any firm of registered engineers of national reputation generally recognized to be well qualified in engineering matters relating to systems such as the Electric System, appointed by the City and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; and (3) is not connected with the City as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Independent Financial Consultant

The term “Independent Financial Consultant” means a financial consultant or firm of such consultants appointed by the City, which may, for purposes of the certification described in the definition of “Paired Obligations” be an interest rate swap adviser, and who, or each of whom: (1) is in fact independent and not under domination of the City; (2) does not have any substantial interest, direct or indirect, with the City; and (3) is not connected with the City as an officer or employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Series 2026A Installment Payment Date

The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the City under and pursuant to any Contract. The term “Series 2026A Installment Payment Date” means the fifth Business Day before any Interest Payment Date.

Installment Payments; Series 2026A Installment Payments

The term "Installment Payments" means the installment payments of interest and principal scheduled to be paid by the City under and pursuant to the Contracts. The term "Series 2026A Installment Payments" means the Installment Payments scheduled to be paid by the City under and pursuant to the Installment Purchase Agreement.

Installment Purchase Agreement

The term "Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of June 1, 2026, by and between the City and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance with the Installment Purchase Agreement.

Joint Powers Agreement

The term "Joint Powers Agreement" means that certain Joint Exercise of Powers Agreement, dated as of October 28, 1997, by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Authority.

Law

The term "Law" means, collectively, the Constitution and laws of the State of California, including all laws amendatory thereof or supplemental thereto.

Net Proceeds

The term "Net Proceeds" means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including reasonable attorneys' fees) incurred in the collection of such proceeds.

Net Electric System Revenues

The term "Net Electric System Revenues" means, for any Fiscal Year, the Electric System Revenues for such Fiscal Year less the Operation and Maintenance Costs of the Electric System for such Fiscal Year.

Operation and Maintenance Costs of the Electric System

The term "Operation and Maintenance Costs of the Electric System" means (i) costs spent or incurred for maintenance and operation of the Electric System calculated in accordance with generally accepted accounting principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Electric System in good repair and working order, and including administrative costs of the City that are charged directly or apportioned to the Electric System, including but not limited to salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys, consultants or engineers and insurance premiums, and including all other reasonable and necessary costs of the City or charges (other than Debt Service) required to be paid by it to comply with the terms of the Installment Purchase Agreement or any other Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds, and (ii) all costs of electricity purchased or otherwise acquired for delivery by the Electric System (including any interim or renewed arrangement therefor), including payments under agreements or other arrangements pursuant to which the City has agreed to treat costs thereunder as operating and maintenance costs, whether such arrangements are take-or-pay arrangements or otherwise, as well as payments (other than termination payments) under commodity swaps related to the Electric System including Commodity Swaps; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature, and any amounts transferred to the Rate Stabilization Fund.

Parity Project

The term "Parity Project" means any additions, betterments, extensions or improvements to the City's Electric System designated by the City Council as a Parity Project, the acquisition and construction of which is to be paid for with the proceeds of any Contracts or Bonds.

Project; 2019 Project; 2021 Project; 2021 Streetlight Project; 2026A Project

The term "Project" means any additions, betterments, extensions, or improvements to the City's facilities designated by the City Council as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds. The term "2019 Project" means the additions, betterments, extensions and improvements to the Electric System described in the Installment Purchase Agreement. The term "2021 Project" means the additions, betterments, extensions and improvements to the Electric System described in the Installment Purchase Agreement. The term "2021 Streetlight Project" means the streetlight additions, betterments, extensions and improvements described in the Installment Purchase Agreement. The term "2026A Project" means the additions, betterments, extensions and improvements to the Electric System described in the Installment Purchase Agreement.

Purchase Price

The term "Purchase Price" means the principal amount plus interest thereon owed by the City to the Authority under the terms of the Installment Purchase Agreement.

Rate Stabilization Fund

The term "Rate Stabilization Fund" means the City account established pursuant to the Installment Purchase Agreement.

Refunding Projects

The term "Refunding Projects" means, collectively, the 2019 Project, the 2021 Project, and the 2021 Streetlight Project.

Trustee

The term "Trustee" means Wilmington Trust, National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2019 Bonds

The term "2019 Bonds" means the Lease Revenue Bonds, Series 2019 (Taxable) issued by the Authority.

2021 Bonds

The term "2021 Bonds" means the Lease Revenue Bonds, Series 2021 (Taxable) issued by the Authority.

2021 Equipment Lease

The term "2021 Equipment Lease" means the Amended and Restated Equipment Lease/Purchase Agreement, dated as of August 10, 2021, between Banc of America Leasing & Capital, LLC (together with its successors, assigns and transferees), as lessor, and the City, as lessee.

2026A Bonds

The term "2026A Bonds" means the Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A issued pursuant to the Indenture.

REPRESENTATIONS AND WARRANTIES

Representations by the City. The City makes the following representations in the Installment Purchase Agreement:

(a) The City is 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.

(b) The City has full legal right, power and authority to enter into the Installment Purchase Agreement and carry out its obligations thereunder, to carry out and consummate all other transactions contemplated by the Installment Purchase Agreement, and the City has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the City has duly authorized the execution, delivery and due performance of the Installment Purchase Agreement.

(d) The City will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2026A Project under the terms of the Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.

(e) The City has determined that it is necessary and proper for City uses and purposes that the City finance the 2026A Project in the manner provided for in this Agreement.

Representations and Warranties by the Authority. The Authority makes the following representations and warranties in the Installment Purchase Agreement:

(a) The Authority is a joint exercise of powers entity duly organized and existing under the laws of the State of California, and has full legal right, power and authority to enter into the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of the Installment Purchase Agreement.

(b) The execution and delivery of the Installment Purchase Agreement and the consummation of the transactions contemplated therein will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2026A Project, other than interest paid with respect to Series 2026A Installment Payments securing the 2026A Bonds under the terms of the Installment Purchase Agreement being included in the gross income of the 2026A Bond Owners or their assigns for purposes of federal or State income taxation.

ACQUISITION OF THE PROJECTS; CONSTRUCTION OF THE 2026A PROJECT

Acquisition and Construction of the 2026A Project. The Authority by the Installment Purchase Agreement has agreed to cause the 2026A Project, and any additions or modifications thereto, to be constructed, acquired or installed by the City as its agent, and the City will enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the 2026A Project. The City by the Installment Purchase Agreement has agreed that it will cause the construction, acquisition and installation of the 2026A Project to be diligently performed after the deposit of funds with the Trustee pursuant to the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the City Council, unforeseeable delays beyond the reasonable control of the City excepted. It is by the Installment Purchase Agreement expressly understood and agreed that the Authority will be under no liability of any kind or character whatsoever for the payment of any cost of the 2026A Project and that all such costs and expenses will be paid by the City, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Sale and Purchase of the Refunding Projects. The parties hereby confirm that the City currently has title to the Refunding Projects. In consideration for the Authority's assistance in causing the refunding of the 2019 Bonds and the 2021 Bonds, and the prepayment of the 2021 Equipment Lease, the City agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase and hereby purchases, from the City, the Refunding Projects at the purchase price specified in the Installment Purchase Agreement and otherwise in the manner and in accordance with the provisions of the Installment Purchase Agreement.

Purchase and Sale of the Projects. In consideration for the City's agreement to pay the Series 2026A Installment Payments as set forth in the Installment Purchase Agreement, the Authority agrees to sell, and hereby sells, to the City, and the City agrees to purchase, and hereby purchases, from the Authority, the Projects at the purchase price specified in the Installment Purchase Agreement and otherwise in the manner and in accordance with the provisions of the Installment Purchase Agreement.

Title. All right, title and interest in each component of the 2026A Project will vest in the City immediately upon the completion of the acquisition, construction or improvement thereof. All right, title and interest in each component of the Refunding Projects will vest in the City immediately upon the completion of the acquisition, construction or improvement thereof. Such vesting will occur without further action by the Authority or the City and the Authority will, if requested by the City or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Substitutions. The City may substitute improvements for or add other improvements to those listed as components of the 2026A Project in the Installment Purchase Agreement, but only if a City Representative first files with the Authority and the Trustee a statement of the City in the form attached to the Installment Purchase Agreement:

(a) identifying the improvements to be substituted or added and the improvements to City facilities they replace (if relevant) in the 2026A Project;

(b) stating that the estimated costs of construction, acquisition and installation of the substituted or additional improvements are not less than such costs for the improvements previously planned; and

(c) with respect to any substitution of a component of the 2026A Project with a component or addition of a component, an opinion of Bond Counsel stating, in substance, that such substitution or addition, as applicable will not, in and of itself, adversely affect the exclusion of interest on the 2026A Bonds from federal income taxation and from state income taxation.

SERIES 2026A INSTALLMENT PAYMENTS

Purchase Price.

(a) The Purchase Price to be paid by the City under the Installment Purchase Agreement to the Authority is the sum of the principal amount of the City's obligations under the Installment Purchase Agreement plus the interest to accrue on the unpaid balance of such principal amount from the effective date of the Installment Purchase Agreement over the term of the Installment Purchase Agreement, subject to prepayment as provided in the Installment Purchase Agreement.

(b) The principal amount of the payments to be made by the City under the Installment Purchase Agreement is shown in the Installment Purchase Agreement.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in the Installment Purchase Agreement, and will be paid by the City as and constitute interest paid on the principal amount of the City's obligations under the Installment Purchase Agreement.

2026A Installment Payments. The City will, subject to any rights of prepayment provided in the Installment Purchase Agreement, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2026A Installment Payment Dates as shown in the Installment Purchase Agreement.

Each Series 2026A Installment Payment will be paid to the Authority, or the Trustee as its assignee, in lawful money of the United States of America. In the event that the City fails to make any of the payments required to be made by it under the Installment Purchase Agreement, such payment will continue as an obligation of the City until such amount will have been fully paid; and the City has agreed to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2026A Installment Payments if paid in accordance with their terms.

The obligation of the City to make the Series 2026A Installment Payments is absolute and unconditional, and until such time as the Purchase Price has been paid in full (or provision for the payment thereof will have been made pursuant to the Installment Purchase Agreement), the City will not discontinue or suspend any Series 2026A Installment Payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Electric System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments will not be subject to reduction whether by offset or otherwise and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

SECURITY

Pledge and Assignment; Electric System Revenue Fund. All of the Electric System Revenues, all amounts held in the Electric System Revenue Fund described in the Installment Purchase Agreement, the Rate Stabilization Fund described in the Installment Purchase Agreement and any other amounts (including proceeds of the sale of the 2026A Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2026A Bonds in accordance with their terms and the provisions of the Indenture, subject however to the pledge thereon securing Bonds and Contracts, and the Electric System Revenues will not be used for any other purpose while the 2026A Bonds remain Outstanding; provided that out of the Electric System Revenues and amounts on deposit in the Rate Stabilization Fund there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. Said pledge, together with the pledge created for the benefit of other Bonds and Contracts, constitutes a first lien on and security interest on Electric System Revenues and, subject to application of Electric System Revenues and all amounts on deposit in the Electric System Revenue Fund and the Rate Stabilization Fund as permitted in the Installment Purchase Agreement, the Electric System Revenue Fund, the Rate Stabilization Fund and other funds and accounts created under the Installment Purchase Agreement for the payment of the principal of and interest, and the premium, if any, on the 2026A Bonds in accordance with the terms thereof, and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and will be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the City, irrespective of whether such parties have notice thereof.

Allocation of Electric System Revenues. In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the City has agreed and covenanted to receive all Electric System Revenues in trust under the Installment Purchase Agreement and the Electric System Revenues will be deposited when and as received in a special fund previously created and designated as the "Electric System Revenue Fund." The City has agreed and covenanted to maintain the Electric System Revenue Fund and to hold the Electric System Revenue Fund separate and apart from other funds so long as the 2026A Bonds remain unpaid. Moneys in the Electric System Revenue Fund will be held in trust by the City and will be applied, used and withdrawn by the City for the purposes set forth in the Installment Purchase Agreement.

The City will, from the moneys in the Electric System Revenue Fund, pay all Operation and Maintenance Costs of the Electric System (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs of the Electric System, the payment of which is not then immediately required) as such Operation and Maintenance Costs of the Electric System become due and payable. All remaining moneys in the Electric System Revenue Fund will be applied by the City at the following times for the transfer to the following respective special funds in the following order of priority; and all moneys in each of such funds will be held in trust and will be applied, used and withdrawn only for the purposes set forth in the Installment Purchase Agreement.

(i) Interest and Principal Payments. On or before each Series 2026A Installment Payment Date, the City will, from the moneys in the Electric System Revenue Fund, pay the Series 2026A Installment Payments coming due on such Series 2026A Installment Payment Date. The City will also, from the moneys in the Electric System Revenue Fund, transfer to the applicable trustee for deposit in the respective payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service or payment in accordance with the provisions of any Bond or Contract.

(ii) Reserve Funds. The City will, from the remaining moneys in the Electric System Revenue Fund, thereafter, without preference or priority and in the event of any insufficiency of such moneys ratably without any discrimination or preference, transfer to the applicable trustee for such other reserve funds and/or accounts, if any, as may have been established in connection with Bonds or Contracts, that sum, if any, necessary to restore such funds or accounts to an amount equal to the reserve requirement with respect thereto. No such transfer will be made with respect to the Reserve Fund, which will be deemed fully funded at all times by the deposit of the Reserve Surety Policy therein, other than Policy Costs required to be paid to the Insurer as repayment for draws on the Reserve Surety Policy.

(iii) Policy Costs and Insurer Reimbursement Amounts. The City will, from remaining moneys in the Electric System Revenue Fund, pay Policy Costs (other than amounts paid to the Insurer in clause

(ii) above) and Insurer Reimbursement Amounts (other than amounts paid to the Insurer in clause (i) above) to the Insurer (as such terms are defined in the Indenture), to the extent such amounts are due and payable.

(iv) Surplus. Moneys on deposit in the Electric System Revenue Fund on any date when the City reasonably expects such moneys will not be needed for the payment of Operation and Maintenance Costs of the Electric System, or for any of the purposes described in clauses (i), (ii) or (iii) may be expended by the City on payments of principal of and interest on notes, bonds, contracts or other obligations payable from Electric System Net Revenues subordinate to the payments described in clauses (i), (ii) and (iii) above or for any other purpose permitted by law, including, but not limited to the deposit of amounts in the Rate Stabilization Fund in accordance with the Installment Purchase Agreement.

All moneys held by the City in the Electric System Revenue Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit therein.

Additional Contracts and Bonds; Subordinate Obligations. So long as the Insurance Policy and the Reserve Surety Policy is in full force and effect and the Insurer is not in default of its obligations thereunder, no bonds, contracts or other similar obligations payable from Net Electric System Revenues on a subordinate basis to the Series 2026A Installment Payments shall be accelerated without the prior written consent of the Insurer.

Rate Stabilization Fund. The Installment Purchase Agreement establishes a special fund designated as the “Rate Stabilization Fund” to be held and maintained by the City in trust thereunder, which fund the City agrees and covenants to maintain and to hold separate and apart from other funds so long as any 2026A Bonds remain unpaid. Money transferred by the City from the Electric System Revenue Fund to the Rate Stabilization Fund in accordance with the Installment Purchase Agreement will be held in the Rate Stabilization Fund and applied in accordance with the Indenture.

The City may withdraw all or any portion of the amounts on deposit in the Rate Stabilization Fund and transfer such amounts to the Electric System Revenue Fund for application in accordance with the Installment Purchase Agreement or, in the event that all or a portion of the 2026A Bonds are discharged in accordance with the Installment Purchase Agreement, transfer all or any portion of such amounts for application in accordance with the Installment Purchase Agreement. Amounts transferred from the Rate Stabilization Fund to the Electric System Revenue Fund pursuant to the Installment Purchase Agreement during or within 270 days after a Fiscal Year, may be taken into account as Electric System Revenues for purposes of the calculations with respect to the issuance of Bonds or the execution of Contracts and the City’s rate covenant under the Installment Purchase Agreement in such Fiscal Year.

Investments. All moneys held by the City in the Electric System Revenue Fund will be invested in Permitted Investments and the investment earnings thereon will remain on deposit in such fund.

COVENANTS OF THE CITY

Compliance with Installment Purchase Agreement and Ancillary Agreements. The City will punctually pay the Series 2026A Installment Payments in strict conformity with the terms of the Installment Purchase Agreement, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2026A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the Installment Purchase Agreement required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected with the Installment Purchase Agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The City will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Against Encumbrances. The City will not make any pledge of or place any lien on Electric System Revenues or the moneys in the Electric System Revenue Fund or the Rate Stabilization Fund except as provided in the Installment Purchase Agreement. The City may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Electric System Revenues or any moneys in the Electric System Revenue Fund and the Rate Stabilization Fund as may from time to time be deposited therein (as provided in the Installment Purchase Agreement), provided that such pledge and lien will be subordinate in all respects to the pledge of and lien thereon provided in the Installment Purchase Agreement.

Against Sale or Other Disposition of Property. The City will not sell, lease, transfer, encumber or otherwise dispose of any facilities of the Electric System, or any material portion thereof, essential to the proper operation of the Electric System or to the payment of the Series 2026A Installment Payments. The City will not enter into any agreement or lease which unreasonably impairs the operation of the Electric System necessary to secure adequate Electric System Revenues for the payment of the Series 2026A Installment Payments, or which would otherwise impair the rights of the Authority under the Installment Purchase Agreement. Any real or personal property that is not needed for the efficient and proper operation of the City may be sold if such sale will not impair the ability of the City to pay the Series 2026A Installment Payments.

Nothing in the Installment Purchase Agreement will restrict the ability of the City to sell any portion of the Electric System if such portion is immediately repurchased by the City and if such arrangement cannot by its terms result in the purchaser of such portion of the Electric System exercising any remedy which would deprive the City of or otherwise interfere with its right to own and operate such portion of the Electric System.

Against Competitive Facilities. To the extent permitted by law, the City has covenanted that it will not acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the City any electric system competitive with the Electric System; provided that such covenant will not apply to (i) the construction, maintenance or operation of electric transmission and distribution facilities by Southern California Edison or any successor or assignee thereof or (ii) transmission facilities or generating facilities permitted by the definition of "Electric System" to be maintained separate and apart from the Electric System.

Tax Covenants. Notwithstanding any other provision of the Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the 2026A Bonds will not be adversely affected for federal income tax purposes, the City has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenanted, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City will take no action or refrain from taking any action or make any use of the proceeds of the 2026A Bonds or of any other moneys or property which would cause the 2026A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) Arbitrage. The City will make no use of the proceeds of the 2026A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2026A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(c) Federal Guarantee. The City will make no use of the proceeds of the 2026A Bonds or take or omit to take any action that would cause the 2026A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) Information Reporting. The City will take or cause to be taken all necessary action to comply with the informational reporting requirements of Section 149(e) of the Code.

(e) Hedge Bonds. The City will make no use of the proceeds of the 2026A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the 2026A Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the City takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2026A Bonds for federal income tax purposes.

(f) Miscellaneous. The City will take no action or refrain from taking any action, inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with the issuance of the 2026A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Installment Purchase Agreement.

Prompt Acquisition and Construction. Subsequent to the receipt of all required engineering and environmental documentation satisfactory to the City, the City will take all necessary and appropriate steps to acquire and construct the 2026A Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Maintenance and Operation of the City. The City will maintain and preserve its facilities, including but not limited to the Electric System, in good repair and working order at all times and will operate the Electric System in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Payment of Claims. The City will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Electric System Revenues or the funds or accounts created under the Installment Purchase Agreement or on any funds in the hands of the City pledged to pay the Series 2026A Installment Payments or to the Owners prior or superior to the lien of the Series 2026A Installment Payments or which might impair the security of the Series 2026A Installment Payments.

Compliance with Contracts. The City will comply with, keep, observe and perform all material agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts necessary for the use of the Electric System, to the extent that the City is a party thereto.

Insurance.

(a) The City will procure and maintain or cause to be procured and maintained insurance on the Electric System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Electric System) as are usually covered in connection with facilities similar to the Electric System so long as such insurance is available from reputable insurance companies at a reasonable cost.

In the event of any damage to or destruction of the Electric System caused by the perils covered by such insurance, the Net Proceeds thereof will be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Electric System. The City will begin such reconstruction, repair or replacement promptly after such damage or destruction will occur, and will continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and will pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same will be completed and the Electric System will be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds will be applied in part to the prepayment of Series 2026A Installment Payments as provided in the Installment Purchase Agreement and in part to such other fund or account as may be appropriate and used for the retirement of Bonds, Contracts and Obligations in the same proportion which the aggregate unpaid principal balance of Series 2026A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds, Contracts and Obligations. If such Net Proceeds are sufficient to enable the City to retire the entire obligation evidenced by the Installment Purchase Agreement prior to the final due date of the Series 2026A Installment Payments as well as the entire obligations evidenced by Bonds, Contracts and Obligations then remaining unpaid prior to their final respective due dates, the City may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Electric System; and thereupon such Net Proceeds will be applied to the prepayment of Series 2026A Installment Payments as provided in the Installment Purchase Agreement and to the retirement of such Bonds, Contracts and Obligations.

(b) The City will procure and maintain such other insurance which it deems advisable or necessary to protect its interests and the interests of the Authority, which insurance will afford protection in such amounts and against such risks as are usually covered in connection with facilities similar to those of the City.

(c) Any insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with facilities similar to those of the City and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained in the Installment Purchase Agreement will provide that the Authority will be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Accounting Records; Financial Statements and Other Reports.

(a) The City will keep appropriate accounting records in which complete and correct entries will be made of all transactions relating to the City, which records will be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The City will prepare and file with the Authority annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2026) financial statements of the City for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Protection of Security and Rights of the Authority. The City will preserve and protect the security of the Installment Purchase Agreement and the rights of the Authority to the Series 2026A Installment Payments under the Installment Purchase Agreement and will warrant and defend such rights against all claims and demands of all persons.

Payment of Taxes and Compliance with Governmental Regulations. The City will pay and discharge all taxes, assessments and other governmental charges which may later be lawfully imposed upon the Electric System or any part thereof or upon the Electric System Revenues when the same will become due. The City will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the facilities of the City, including but not limited to the Electric System, or any part thereof, but the City will not be required to comply with any regulations or requirements so long as the validity or application thereof will be contested in good faith.

Collection of Rates and Charges. The City will have in effect at all times by-laws, rules and regulations requiring each customer to pay the rates and charges applicable to the Energy Service and providing for the billing thereof and for a due date and a delinquency date for each bill.

Eminent Domain Proceeds. If all or any part of the Electric System will be taken by eminent domain proceedings, the Net Proceeds thereof will be applied as follows:

(a) If (1) the City files with the Authority and the Trustee a certificate showing (i) the estimated loss of annual Net Electric System Revenues, if any, suffered or to be suffered by the City by reason of such eminent domain proceedings, (ii) a general description of the additions, betterments, extensions or improvements to the Electric System proposed to be acquired and constructed by the City from such Net Proceeds, and (iii) an estimate of the additional annual Net Electric System Revenues to be derived from such additions, betterments, extensions or improvements, and (2) the City, on the basis of such certificate filed with the Authority and the Trustee, determines that the estimated additional annual Net Electric System Revenues will sufficiently offset the estimated loss of annual Net Electric System Revenues resulting from such eminent domain proceedings so that the ability of the City to meet its obligations under the Installment Purchase Agreement will not be substantially impaired (which determination will be final and conclusive), then the City will promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds will be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the City for such purpose will be deposited in the Electric System Revenue Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds will be applied in part to the prepayment of Series 2026A Installment Payments as provided in the Installment Purchase Agreement and in part to such other fund or account as may be appropriate and used for the retirement of Bonds, Contracts and Obligations in the same proportion which the aggregate unpaid principal balance of Series 2026A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds, Contracts and Obligations.

Further Assurances. The City will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Installment Purchase Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided to it in the Installment Purchase Agreement.

Enforcement of Contracts. So long as any of the 2026A Bonds are outstanding, the City will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or later entered into which contracts provide for payments to be deposited into the Electric System Revenue Fund which will reduce the payments thereunder (except as provided in the Installment Purchase Agreement) or which will in any manner impair or adversely affect rights of the Owners from time to time of the 2026A Bonds.

Continuing Disclosure. The City by the Installment Purchase Agreement has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Installment Purchase Agreement, failure of the City to comply with the Continuing Disclosure Certificate will not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Installment Purchase Agreement. For purposes of the Installment Purchase Agreement, “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 2026A Bonds (including persons holding 2026A Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2026A Bond for federal income tax purposes.

Compliance With Indenture. The City covenants and agrees in the Installment Purchase Agreement that it will comply with and carry out all of the provisions of the Indenture to be performed by the City, and acknowledges and agrees to the other provisions pertaining to it under the Indenture.

PREPAYMENT OF SERIES 2026A INSTALLMENT PAYMENTS

Prepayment.

(a) The City may or will, as the case may be, prepay from the Net Proceeds as provided in the Installment Purchase Agreement, all or any part on any date in inverse order of maturity and by lot (in an integral multiple of $5,000), of the principal amount of the unpaid Series 2026A Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The City may prepay the Series 2026A Installment Payments, as a whole or in part, in the order of payment date as directed by the City, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2026A Bonds to be redeemed) plus accrued interest thereon to the date of prepayment, as set forth in the Indenture.

(c) Notwithstanding any such prepayment, the City will not be relieved of its obligations under the Installment Purchase Agreement, including its obligations under the Installment Purchase Agreement, until the Purchase Price has been fully paid (or provision for payment thereof will have been provided to the written satisfaction of the Authority).

Method of Prepayment. Before making any prepayment pursuant to the Installment Purchase Agreement, the City will give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date will be not less than forty-five (45) days (or such lesser number of days acceptable to the Authority and the Trustee in their sole discretion) nor more than seventy-five (75) days from the date such notice is given.

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Events of Default and Acceleration of Maturities. If one or more of the following Events of Default happens:

(a) if default is made in the due and punctual payment of any Series 2026A Installment Payment or, if the Trustee will have received notice of such default on any Contract, Bond or Obligation when and as the same will become due and payable;

(b) if default is made by the City in the performance of any of the agreements or covenants required in the Installment Purchase Agreement to be performed by it, and such default will have continued for a period of thirty (30) days after the City will have given notice in writing of such default by the Authority or the Insurer; provided, however, that if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the City, with the written approval of the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy), within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default will not be an Event of Default under the Installment Purchase Agreement.

(c) if the City files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the City seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assume custody or control of the City or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract, Bond or Obligation is accelerated in accordance with its terms;

then in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority will, and for any other such Event of Default the Authority may, with the consent of the Insurer so long as the Insurance Policy and Reserve Surety Policy are in full force and effect and the Insurer is not in default of its obligations under the Insurance Policy, by notice in writing to the City, declare the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything contained in the Installment Purchase Agreement to the contrary notwithstanding; provided, however, that if at any time after the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon have been so declared due and payable and before any judgment or decree for the payment of the moneys due have been obtained or entered the City will deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Series 2026A Installment Payments or the unpaid payment of any other Contract, Bond or Obligation referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2026A Installment Payments or such Contract, Bond or Obligation if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2026A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate have been made therefor, then and in every such case the Authority by written notice to the City, may rescind and annul such declaration and its consequences; but no such rescission and annulment will extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in the Installment Purchase Agreement, all Electric System Revenues thereafter received will be applied in the following order:

First, to the payment and in the event of any insufficiency of such moneys of the costs and expenses of the Trustee, if any, in carrying out the provisions of the Events of Default provisions of the Installment Purchase Agreement, including reasonable compensation to its accountants and counsel; and then the costs and expenses of the Authority in carrying out the provisions of the Events of Default provisions of the Installment Purchase Agreement, including reasonable compensation to its accountants and counsel;

Second, to the payment of the Maintenance and Operation Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2026A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2026A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Other Remedies of the Authority. The Authority will have the right:

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

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the City and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained in the Installment Purchase Agreement, the Authority will have no security interest in or mortgage on the 2026A Project, the Electric System or other assets of the City, and no default under the Installment Purchase Agreement will result in the loss of the 2026A Project, the Electric System, or the assets of the City.

Notwithstanding anything to the contrary in the Installment Purchase Agreement, upon the occurrence of a default or an Event of Default by the City, the Insurer will have the sole right to control all remedies for any default, including waiving any default or Event of Default.

Non-Waiver. Nothing in the Installment Purchase Agreement will affect or impair the obligation of the City, which is absolute and unconditional, to pay the Series 2026A Installment Payments to the Authority at the respective due dates or upon prepayment from the Electric System Revenue Fund and the other funds in the Installment Purchase Agreement pledged for such payment, or will affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Installment Purchase Agreement.

A waiver of any default or breach of duty or contract by the Authority will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or will 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 Authority by the Law or by the Installment Purchase Agreement may be enforced and exercised from time to time and as often as will be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the City and the Authority will 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. No remedy in the Installment Purchase Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy will be cumulative and will be in addition to every other remedy given under the Installment Purchase Agreement or now or later 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 the Law or any other law.

DISCHARGE OF OBLIGATIONS

Discharge of Obligations. When:

(a) all or any portion of the Series 2026A Installment Payments will have become due and payable in accordance with the Installment Purchase Agreement or a written notice of the City to prepay all or any portion of the Series 2026A Installment Payments have been filed with the Trustee; and

(b) there has been deposited with the Trustee at or prior to the Series 2026A Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2026A Installment Payments, sufficient moneys and Permitted Investments, issued by the United States of America and described in clause (A) of the definition thereof in the Installment Purchase Agreement, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2026A Installment Payments to their respective Series 2026A Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision has been made for paying all fees and expenses of the Trustee,

then and in that event, if an opinion of Bond Counsel is filed with the Trustee to the effect that the actions authorized by and taken pursuant to the Installment Purchase Agreement will not adversely affect the tax exempt status of the interest portion of the Series 2026A Installment Payments, the right, title and interest of the Authority in the Installment Purchase Agreement and the obligations of the City under the Installment Purchase Agreement will, with respect to all or such portion of the Series 2026A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the City to have such moneys and such Permitted Investments applied to the payment of such Series 2026A Installment Payments);

In such event, upon request of the City, the Trustee will cause an accounting for such period or periods as may be requested by the City to be prepared and filed with the City and will execute and deliver to the City all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee will pay over to the City, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2026A Installment Payments, all such moneys or such Permitted Investments held by it pursuant to the Installment Purchase Agreement other than such moneys and such Permitted Investments as are required for the payment or prepayment of the Series 2026A Installment Payments, which moneys and Permitted Investments will continue to be held by the Trustee in trust for the payment of the Series 2026A Installment Payments and will be applied by the Trustee to the payment of the Series 2026A Installment Payments of the City.

Notwithstanding anything to the contrary set forth in the Installment Purchase Agreement or in the Indenture, the right, title and interest of the Authority in the Installment Purchase Agreement and the obligations of the City thereunder will not cease, terminate, become void or be discharged and satisfied until all amounts due and owing to the Insurer under the Insurance Policy and the Reserve Surety Policy will have been paid.

MISCELLANEOUS

Limited Liability. Notwithstanding anything contained in the Installment Purchase Agreement, but subject to the priority of payment with respect to Operation and Maintenance Costs, the City will not be required to advance any moneys derived from any source of income other than Electric System Revenues, the Electric System Revenue Fund, the Rate Stabilization Fund and the other moneys pledged in the Installment Purchase Agreement for the payment of the Series 2026A Installment Payments or for the performance of any agreements or covenants required to be performed by it contained in the Installment Purchase Agreement. Nevertheless, the City may, but will not be required to, advance for any such purpose so any funds of the City which may be legally available to it for such purpose.

The obligation of the City to make the Series 2026A Installment Payments is a special obligation of the City payable solely from Electric System Revenues, the Electric System Revenue Fund, the Rate Stabilization Fund and other moneys pledged in the Installment Purchase Agreement, and does not constitute a debt of the City or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained in the Installment Purchase Agreement, expressed or implied, is intended to give to any person other than the City, the Authority, the Trustee or the Insurer any right, remedy or claim under or pursuant to the Installment Purchase Agreement, and any agreement or covenant required in the Installment Purchase Agreement to be performed by or on behalf of the City, the Authority, the Trustee or the Insurer will be for the sole and exclusive benefit of the other party. To the extent that the Installment Purchase Agreement confers upon or gives or grants the Insurer or the Trustee any right, remedy or claim under or by reason of the Installment Purchase Agreement, the Insurer and the Trustee is recognized as being a third-party beneficiary under the Installment Purchase Agreement and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Successor Is Deemed Included in all References to Predecessor. Whenever either the City or the Authority is named or referred to in the Installment Purchase Agreement, such reference will be deemed to include the successor to the powers, duties and functions that are presently vested in the City or the Authority, and all agreements and covenants required by the Installment Purchase Agreement to be performed by or on behalf of the City or the Authority will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Waiver of Personal Liability. No member of the City Council, officer or employee of the City is individually or personally liable for the payment of the Series 2026A Installment Payments, but nothing contained in the Installment Purchase Agreement will relieve any director, officer or employee of the City from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required by the Installment Purchase Agreement to be performed by or on the part of the City or the Authority will be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof will be null and void and will be deemed separable from the remaining agreements and covenants or portions thereof and will in no way affect the validity of the Installment Purchase Agreement. The City and the Authority by the Installment Purchase Agreement have declared that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase of the Installment Purchase Agreement irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases of the Installment Purchase Agreement or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Assignment. The Installment Purchase Agreement and any rights under the Installment Purchase Agreement may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the City.

Net Contract. The Installment Purchase Agreement will be deemed and construed to be a net contract, and the City will pay absolutely net during the term of the Installment Purchase Agreement the Series 2026A Installment Payments and all other payments required under the Installment Purchase Agreement, free of any deductions and without abatement, diminution or set-off whatsoever.

California Law. THE INSTALLMENT PURCHASE AGREEMENT WILL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Indemnification of Authority. The City by the Installment Purchase Agreement agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties under the Installment Purchase Agreement and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation under the Installment Purchase Agreement or under the Indenture by the Authority.

Amendments Permitted. The Installment Purchase Agreement and the rights and obligations of the Authority, the City, the Owners of the 2026A Bonds and of the Trustee may be modified or amended at any time by an amendment thereto, which will become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding, exclusive of 2026A Bonds disqualified as provided in the Indenture, together with the written consent of the Insurer (so long as the Insurance Policy and Reserve Surety Policy are in full force and effect and the Insurer has not defaulted on its obligations thereunder), will have been filed with the Trustee. No such modification or amendment will: (1) extend the fixed maturity of any Series 2026A Installment Payments, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2026A Bond so affected; or (2) reduce the aforesaid percentage of 2026A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Electric System Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Installment Purchase Agreement, or deprive the Owners of the 2026A Bonds of the lien created by the Indenture on such Electric System Revenues and other assets except as permitted in the Installment Purchase Agreement, without the consent of the Owners of all of the 2026A Bonds then Outstanding.

The Installment Purchase Agreement and the rights and obligations of the Authority, the City and of the Owners of the 2026A Bonds may also be modified or amended at any time by an amendment thereto which will become binding upon adoption, without the consent of the Owners of any 2026A Bonds, but with the written consent of the Insurer (so long as the Insurance Policy is in full force and effect and the Insurer has not defaulted on its obligations thereunder) without respect to amendments other than amendments described in paragraph (d) below, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such amendment shall not materially adversely affect the interests of the Owners of the Outstanding 2026A Bonds, including, without limitation, for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Authority or the City contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Installment Purchase Agreement reserved to or conferred upon the Authority or the City, and which will not adversely affect the interests of the Owners of the 2026A Bonds;

(b) 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, or in regard to matters or questions arising under the Installment Purchase Agreement, as the Authority and the City may deem necessary or desirable;

(c) to make such other amendments or modifications as may be in the best interests of the Owners of the 2026A Bonds; and

(d) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the 2026A Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes.

No amendment without consent of the Owners of the 2026A Bonds may modify any of the rights or obligations of the Trustee without its written consent thereto.

Interest Rate Exchange Agreement. Any interest rate exchange agreement ("Swap Agreement") entered into by the City will meet the following conditions: (i) the Swap Agreement must be entered into to manage interest costs related to, or a hedge against (a) assets then held, or (b) debt then outstanding, or (iii) debt reasonably expected to be issued within the next twelve (12) months, and (ii) the Swap Agreement will not contain any leverage element or multiplier component greater than 1.0x unless there is a matching hedge arrangement which effectively off-sets the exposure from any such element or component. The City will not terminate a Swap Agreement unless it demonstrates prior to the payment of any such termination amount that such payment will not cause the City to be in default under the Installment Purchase Agreement or any supplement thereto or amendment thereof, including but not limited to, any monetary obligations thereunder. All counterparties or guarantors to any Swap Agreement must have a rating of at least "A-" by S&P. If the counterparty or guarantor's rating falls below “A-” by S&P, the counterparty or guarantor will execute a credit support annex to the Swap Agreement. If the counterparty or the guarantor's long term unsecured rating falls below “BBB+” by S&P, a replacement counterparty or guarantor will be required.

Covenant to Preserve Priority. The City has covenanted and agrees to take such action (including, as applicable, filing of Uniform Commercial Code financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Electric System Revenues set forth in the Installment Purchase Agreement under applicable law.

Contracts Requiring Consent from Insurer. No contract will be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Series 2026A Installment Payments may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Covenants of the City. Any obligations or covenants of the City set forth in the Indenture shall be incorporated by reference into the Installment Purchase Agreement as if fully set forth in the Installment Purchase Agreement.

DEFINITIONS AND SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Definitions. Unless the context otherwise requires, the terms defined in the Indenture will, for all purposes of the Indenture and of any indenture supplemental thereto and of any certificate, opinion or other document therein mentioned, have the meanings therein specified, to be equally applicable to both the singular and plural forms of any of the terms therein defined. Unless the context otherwise requires, all capitalized terms used in the Indenture and not defined have the meanings ascribed thereto in the Installment Purchase Agreement.

Acquisition Fund. The term "Acquisition Fund" means the fund by that name established pursuant to the Indenture.

Act. The term "Act" means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

Agency. The term "Agency" means the former Community Redevelopment Agency of the City.

Authority. The term "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.

Authority Revenues. The term "Authority Revenues" means: (a) all Series 2026A Installment Payments received by the Authority or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture.

Authorized Representative. The term "Authorized Representative" means with respect to the Authority, the Chairperson, the Vice-Chairperson, 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 the Indenture.

Bond Counsel. The term "Bond Counsel" means Stradling Yocca Carlson & Rauth LLP, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Year. The term "Bond Year" will have the meaning set forth in the Tax Certificate.

Business Day. The term "Business Day" means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions or trust companies in the State, Wilmington, Delaware, New York, New York, or in any other state in which the Office of the Trustee is located, are authorized or required by law, regulation or executive order to close or be closed; or (ii) a day on which the New York Stock Exchange or the Federal Reserve Bank of New York is not closed.

City. The term "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.

Certificate; Direction; Request; Requisition. The terms "Certificate," "Direction," "Request" or "Requisition" of the Authority mean a written certificate, direction, request or requisition signed in the name of the Authority by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument. If and to the extent required by the Indenture, each such instrument will include the statements provided for therein.

Closing Date. The term "Closing Date" means the date on which the 2026A Bonds are delivered to the original purchaser thereof.

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

Depository; DTC. The terms "Depository" or "DTC" mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as Securities Depository for the 2026A Bonds.

Escrow Agent. The term "Escrow Agent" means Computershare Trust Company, National Association, as escrow agent under the 2019 Escrow Agreement and 2021 Escrow Agreement.

Event of Default. The term "Event of Default" means any of the events specified in the Indenture.

Federal Securities. The term "Federal Securities" means (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) pre refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively (subject to the prior written approval of the Insurer with respect to 2026A Bonds), or (5) securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof (subject to the prior written approval of the Insurer with respect to 2026A Bonds), shall be used to effect defeasance of the 2026A Bonds.

Government Code. The term "Government Code" means the Government Code of the State.

Indenture. The term "Indenture" means the Indenture of Trust, dated as of June 1, 2026, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Information Services. The term "Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, 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 specify in a Certificate to the Authority and the Trustee as the Trustee may select.

Installment Purchase Agreement. The term "Installment Purchase Agreement" means the Installment Purchase Agreement, dated as of June 1, 2026, by and between the Authority and the City, as amended from time to time.

Insurance Policy. The term "Insurance Policy" means the insurance policy issued by the Insurer guaranteeing the scheduled payment of principal of and interest on the 2026A Bonds when due.

Insurer. The term "Insurer" means Assured Guaranty Inc., a Maryland corporation, or any successor thereto or assignee thereof.

Interest Account. The term "Interest Account" means the account by that name in the Revenue Fund established pursuant to the Indenture.

Interest Payment Date. The term "Interest Payment Date" means May 1 and November 1 of each year, commencing November 1, 2026.

Investment Agreement. The term "Investment Agreement" means an investment agreement supported by appropriate opinions of counsel, provided that the guarantor thereof is rated at the time of issuance, at least "AA" by S&P.

Joint Powers Agreement. The term "Joint Powers Agreement" means that certain Joint Exercise of Powers Agreement, dated as of October 28, 1997, by and between the City and the Agency, which Joint Powers Agreement creates and establishes the Authority.

Letter of Representations. The term "Letter of Representations" means the letter of the Authority and the Trustee delivered to and accepted by the Depository on or prior to delivery of the 2026A Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority and the Trustee delivered to and accepted by the Depository.

Nominee. The term "Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

Office. The term "Office" means with respect to the Trustee, the principal corporate trust office of the Trustee located at 650 Town Center Drive, Suite 800, Costa Mesa, California, Attention: Corporate Trust Services, or at such other or additional offices as may be specified in writing by the Trustee to the Authority, except that with respect to presentation of 2026A Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business will be conducted.

Opinion of Counsel. The term "Opinion of Counsel" means a written opinion of counsel (including but not limited to counsel to the City or the Authority) selected by the Authority. If and to the extent required by the provisions of the Indenture, each Opinion of Counsel will include the statements provided for therein.

Outstanding. The term "Outstanding," when used as of any particular time with reference to 2026A Bonds, means (subject to the provisions of the Indenture) all 2026A Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2026A Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2026A Bonds with respect to which all liability of the Authority has been discharged in accordance with the Indenture, including 2026A Bonds (or portions thereof) described therein; and (iii) 2026A Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2026A Bonds have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; 2026A Bond Owner. The term "Owner" or "2026A Bond Owner," whenever used in the Indenture with respect to a 2026A Bond, means the person in whose name the ownership of such 2026A Bond is registered on the Registration Books.

Participants. The term "Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

Permitted Investments. The term "Permitted Investments" means any of the following obligations if and to the extent that they are permissible investments of funds of the City (provided that the Trustee will be entitled to rely upon any investment directions from the City as conclusive certification to the Trustee that the investments described therein are permissible investment of funds of the City):

(a) Direct obligations of the United States (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States.

(b) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank ("Eximbank")
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration ("FmHA")
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures ("FHA")

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association ("GNMA")
   GNMA - guaranteed mortgage-backed bonds
   GNMA - guaranteed pass-through obligations (not acceptable for certain cash-flow sensitive issues)

7. United States Maritime Administration
   Guaranteed Title XI financing

8. United States Department of Housing and Urban Development ("HUD")
   Project Notes
   Local Authority Bonds
   New Communities Debentures
   United States government guaranteed debentures
   United States Public Housing Notes and Bonds
   United States government guaranteed public housing notes and bonds

(c) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit United States government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
   Senior debt obligations

2. Federal Home Loan Mortgage Corporation ("FHLMC")
   Participation Certificates
   Senior debt obligations

3. Federal National Mortgage Association ("FNMA")
   Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association ("SLMA")
   Senior debt obligations

5. Resolution Funding Corporation obligations

6. Farm Credit System
Consolidated system-wide bonds and notes

(d) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of "AAAm-G," "AAA-m" or "AA-m" and if rated by Moody's rated "Aaa," "Aa1" or "Aa2," including such funds for which the Trustee (including as transfer agent, custodian), its affiliates or subsidiaries provide investment advisory or other management services or for which the Trustee or an affiliate of the Trustee serves as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee from funds for services provided to the fund, (ii) the Trustee collects fees for services rendered pursuant to the Indenture, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Indenture may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

(e) Certificates of deposit secured at all times by collateral described in clauses (a) and/or (b) above. Such certificates must be issued by commercial banks (including affiliates of the Trustee), savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Trustee and its affiliates) which are fully insured by FDIC, or secured at all times by collateral described in clauses (a) and/or (b) above.

(g) Investment Agreements, including guaranteed investment contracts, forward purchase agreements and reserve fund put agreements.

(h) Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

(i) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest Rating Categories assigned by such agencies.

(j) Bank deposit products, trust funds, trust accounts, certificates of deposit (including those placed by a third party pursuant to an agreement between the Authority and the Trustee), overnight bank deposits, interest bearing deposits, interest bearing money market accounts, Federal funds or bankers acceptances with a maximum term of one year of any bank (including those of the Trustee and its affiliates) which (i) has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P, or (ii) are fully insured by the Federal Deposit Insurance Corporation.

(k) Repurchase or reverse repurchase agreements for 30 days or less must follow the following criteria. Repurchase agreements which provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender) (including those of the Trustee or any of its affiliates), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date; and:

1. Repurchase agreements must be between the Trustee and a dealer bank or securities firm;

A. Primary dealers on the Federal Reserve reporting dealer list which are rated "A" or better by S&P and Moody's; or

B. Banks rated "A" or above by S&P and Moody's.

2. The written repurchase agreements contract must include the following:

A. Securities which are acceptable for transfer are:

(l) Direct United States governments, or

(2) Federal agencies backed by the full faith and credit of the United States government (and FNMA & FHLMC)

B. The term of a repurchase agreement may be up to 30 days.

C. The collateral must be delivered to the Trustee (if trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

D. Valuation of Collateral

(l) The securities must be valued weekly, marked to market at current market price plus accrued interest.

(2) The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

(3) A legal opinion must be delivered to the Trustee to the effect that the repurchase agreement meets guidelines under state law for legal investment of public funds.

(l) Any pooled investment fund administrated by Riverside County in which the City is statutorily permitted or required to invest.

(m) Any state administered pooled investment fund in which the City is statutorily permitted or required to invest will be deemed a permitted investment, including, but not limited to the Local Agency Investment Fund in the treasury of the State.

(n) Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of Government Code § 53601(p).

Principal Account. The term "Principal Account" means the account by that name in the Revenue Fund established pursuant to the Indenture.

Rating. The term "Rating" means any currently effective rating on the 2026A Bonds issued by a Rating Agency.

Rating Agency. The term "Rating Agency" means S&P.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to the Indenture.

Record Date. The term "Record Date" means, with respect to any Interest Payment Date, the 15th day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term “Redemption Date” means the date fixed for an optional redemption prior to maturity of the 2026A Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to the Indenture.

Redemption Price. The term “Redemption Price” means, with respect to any 2026A Bond (or portion thereof), the principal amount of such 2026A Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of the 2026A Bonds and the Indenture.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2026A Bonds pursuant to the Indenture.

Reserve Fund. The term “Reserve Fund” means the fund by that name established pursuant to the Indenture.

Reserve Requirement. The term “Reserve Requirement” means $9,068,800.00.

Reserve Surety Policy. The term “Reserve Surety Policy” means the municipal bond debt service reserve policy issued by the Insurer and deposited in the Reserve Fund to satisfy the Reserve Requirement.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time are such officers, respectively, with responsibility for the administration of the Indenture.

Revenue Fund. The term “Revenue Fund” means the fund by that name established pursuant to the Indenture.

S&P. The term “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 will no longer perform the functions of a securities rating agency for any reason, the term “S&P” will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; 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 Request of the Authority deliver to the Trustee.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2026A Bonds issued by the Authority on the date of issuance of the 2026A Bonds, including any and all exhibits attached thereto.

Trustee. The term "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 its successor, as Trustee under the Indenture as provided therein.

2019 Bonds. The term "2019 Bonds" means the Lease Revenue Bonds, Series 2019 (Taxable) issued by the Authority.

2019 Escrow Agreement. The term "2019 Escrow Agreement" means the Escrow Agreement by and among the Authority, the City and the Escrow Agent, with respect to the refunding of the 2019 Bonds.

2019 Escrow Fund. The term "2019 Escrow Fund" means the fund by that name established and held by the Escrow Agent under the 2019 Escrow Agreement with respect to the refunding of the 2019 Bonds.

2021 Bonds. The term "2021 Bonds" means the Lease Revenue Bonds, Series 2021 (Taxable) issued by the Authority.

2021 Equipment Lease. The term "2021 Equipment Lease" means the Amended and Restated Equipment Lease/Purchase Agreement, dated as of August 10, 2021, between Banc of America Leasing & Capital, LLC (together with its successors, assigns and transferees), as lessor, and the City, as lessee.

2021 Escrow Agreement. The term "2021 Escrow Agreement" means the Escrow Agreement by and among the Authority, the City and the Escrow Agent, with respect to the refunding of the 2021 Bonds.

2021 Escrow Fund. The term "2021 Escrow Fund" means the fund by that name established and held by the Escrow Agent under the 2021 Escrow Agreement with respect to the refunding of the 2021 Bonds.

2026A Bonds. The term "2026A Bonds" means the Electric System Revenue Bonds, Series 2026A issued by the Authority and at any time Outstanding pursuant to the Indenture.

Value. The term "Value" which is determined as of the end of each month, means that the value of any investments is calculated as follows: (a) For the purpose of determining the amount of any fund, all Permitted Investments credited to such fund will be valued at fair market value. The Trustee will determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch and Morgan Stanley Smith Barney. (b) As to certificates of deposit and bankers' acceptances, the face amount thereof, plus accrued interest. (c) As to any investment not specified above, the market value, or, if the market value is not ascertainable by the City or the Trustee, the value thereof will be established by prior agreement among the City, the Authority and the Trustee.

Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for therein, with respect to compliance with any provision thereof will include: (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions in the Indenture relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel or Independent Certified Public Accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

THE 2026A BONDS

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 2026A Bonds, which will upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Authority, the City and the Owners; and, upon presentation for such purpose, the Trustee will, 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 2026A Bonds as provided in the Indenture.

The person in whose name any 2026A Bond is registered will be deemed the Owner thereof for all purposes of the Indenture, and payment of or on account of the interest on and principal and Redemption Price of by such 2026A Bonds will be made only to or upon the order in writing of such registered Owner, which payments will be valid and effectual to satisfy and discharge liability upon such 2026A Bond to the extent of the sum or sums so paid.

2026A Bonds Mutilated, Lost, Destroyed or Stolen. If any 2026A Bond becomes mutilated, the Authority, at the expense of the Owner of said 2026A Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new 2026A Bond of like tenor, series and authorized denomination in exchange and substitution for the 2026A Bonds so mutilated, but only upon surrender to the Trustee of the 2026A Bond so mutilated. Every mutilated 2026A Bond so surrendered to the Trustee will be canceled by it and upon the written request of the Authority delivered to, or upon the order of, the Authority. If any 2026A Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new 2026A Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2026A Bond so lost, destroyed or stolen (or if any such 2026A Bond has matured or is about to mature, instead of issuing a substitute 2026A 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 new 2026A Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any 2026A Bond issued under the provisions of the Indenture in lieu of any 2026A Bond alleged to be lost, destroyed or stolen constitutes an original additional contractual obligation on the part of the Authority whether or not the 2026A Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and is entitled to the benefits of the Indenture with all other 2026A Bonds secured by the Indenture. Notwithstanding any other provision of the Indenture, in lieu of delivering a new 2026A Bond for a 2026A Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2026A Bond upon receipt of indemnity satisfactory to the Trustee.

Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2026A Bonds, the Authority may provide that such 2026A Bonds will be initially issued as book entry 2026A Bonds. If the

Authority elects to deliver any 2026A Bonds in book entry form, then the Authority will cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2026A Bonds in an authorized denomination corresponding to that total principal amount of the 2026A Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2026A Bond will be registered in the 2026A Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2026A Bonds, or any portion thereof may not thereafter be transferred except as provided in the Indenture.

With respect to book entry 2026A Bonds, the Authority and the Trustee have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry 2026A Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry 2026A Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2026A Bond Registration Books, of any notice with respect to book entry 2026A Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2026A Bonds to be redeemed in the event the Authority redeems the 2026A Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry 2026A Bonds. The Authority and the Trustee may treat and consider the person in whose name each book entry 2026A Bond is registered in the 2026A Bond Registration Books as the absolute Owner of such book entry 2026A Bond for the purpose of payment of principal of, premium and interest on such 2026A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2026A Bond, for the purpose of registering transfers with respect to such 2026A Bond, and for all other purposes whatsoever. The Trustee will pay all principal of, premium, if any, and interest on the 2026A Bonds only to or upon the order of the respective Owner, as shown in the 2026A Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments will be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the 2026A Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2026A Bond Registration Books, will receive a 2026A Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2026A Bonds. Upon delivery by the Depository to the Authority and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions of the Indenture with respect to Record Dates, the word Nominee in the Indenture will refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2026A Bonds for the Depository's book entry system, the Authority and the Trustee will execute and deliver to the Depository a Letter of Representations, if required by the Depository. The execution and delivery of a Letter of Representations does not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2026A Bonds other than the Owners, as shown on the 2026A Bond Registration Books. By executing a Letter of Representations, the Authority has agreed to cause the Trustee to take all action necessary at all times so that the Authority will be in compliance with all representations of the Authority in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee will take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry 2026A Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry 2026A Bonds; or (ii) the Authority determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2026A Bonds or the Authority, then the Authority will discontinue the book entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority will prepare or direct the preparation of a new single, separate, fully registered 2026A Bond for each of the maturity dates of such book entry 2026A Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in the Indenture. If the Authority fails to identify another qualified securities depository to replace the Depository, then the 2026A Bonds will no longer be restricted to being registered in such 2026A Bond Registration Books in the name of the Nominee, but will be registered in whatever name or names the Owners transferring or exchanging such 2026A Bonds designate, in accordance with the provisions of the Indenture.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2026A Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2026A Bond and all notices with respect to such 2026A Bond are made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions in the Indenture.

(e) Transfer of 2026A Bonds to Substitute Depository. (i) The 2026A Bonds will be initially issued as provided in the Indenture. Registered ownership of such 2026A Bonds, or any portions thereof, may not thereafter be transferred except: (A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) below ("Substitute Depository"); provided that any successor of DTC or Substitute Depository must be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository is qualified under any applicable laws to provide the services proposed to be provided by it; or (C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clauses (A) or (B) above, upon receipt of all Outstanding 2026A Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new 2026A Bond, which the Authority will prepare or cause to be prepared, will be issued for each maturity of 2026A Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) above, upon receipt of all Outstanding 2026A Bonds by the Trustee, together with a written request of the Authority to the Trustee, new 2026A Bonds, which the Authority will prepare or cause to be prepared, will be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of the Indenture, provided that the Trustee is not required to deliver such new 2026A Bonds within a period of less than 60 days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any 2026A Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) will make an appropriate notation on such 2026A Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee is not liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such 2026A Bonds are controlling.

(iv) The Authority and the Trustee are entitled to treat the person in whose name any 2026A Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2026A Bonds. Neither the Authority nor the Trustee have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2026A Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2026A Bonds.

VALIDITY OF 2026A BONDS AND APPLICATION OF PROCEEDS

Establishment and Application of Acquisition Fund. There is established with the Trustee a fund known as the "Acquisition Fund," which the Trustee will maintain and hold in trust separate and apart from other funds held by it. Amounts will be disbursed by the Trustee on behalf of the City from the Acquisition Fund or the accounts therein as specified in a Requisition of the City in the form attached to the Installment Purchase Agreement. Each Requisition of the City will be sufficient evidence to the Trustee of the facts stated therein and the Trustee will have no duty to confirm the accuracy of such facts.

Notwithstanding anything to the contrary set forth in the Indenture or in the Installment Purchase Agreement, so long as the Insurance Policy is in full force and effect and the Insurer has not defaulted on its obligations thereunder, unless the Insurer otherwise directs, upon the occurrence and continuance of an Event of Default or an event which with notice or lapse of time would constitute an Event of Default, amounts on deposit in the Acquisition Fund will not be disbursed, but will instead be applied to the payment of principal and interest or redemption price with respect to the 2026A Bonds.

Validity of 2026A Bonds. The validity of the authorization and issuance of the 2026A Bonds is not dependent on and will not be affected in any way by any proceedings taken by the Authority, the City or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the 2026A Bonds that the same are issued pursuant to the Constitution and laws of the State is conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Pledge and Assignment; Revenue Fund. (a) All of the Authority Revenues and any other amounts (including proceeds of the sale of the 2026A Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) have been irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2026A Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the terms and conditions set forth therein. Such pledge constitutes a lien on and security interest in such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and is valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice of the Indenture.

(b) The Authority, for good and valuable consideration in hand received, has irrevocably assigned and transferred to the Trustee without recourse, for the benefit of the Owners of the 2026A Bonds and the Insurer as set forth in the Indenture, all of its rights, title, and interest in all Series 2026A Installment Payments payable by the City pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the 2026A Bonds. Such assignment is subject to and limited by the terms of the Indenture.

(c) There has been established with the Trustee the Revenue Fund, which the Trustee has covenanted to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2026A Installment Payments remain unpaid. Except as directed in the Indenture, all Authority Revenues will be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund; except that all moneys received by the Trustee and required by the Indenture to be deposited in the Redemption Fund will be promptly deposited therein. All Authority Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee will also create and maintain an Interest Account and a Principal Account within the Revenue Fund.

Allocation of Authority Revenues. The Trustee will transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each date on which the interest on the 2026A Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2026A Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2026A Bonds becomes due and payable under the Indenture, the Trustee will deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2026A Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date.

Application of Interest Account. All amounts in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2026A Bonds as it becomes due and payable (including accrued interest on any 2026A Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Application of Principal Account. All amounts in the Principal Account will be used and withdrawn by the Trustee solely to pay the principal amount of the 2026A Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2026A Bonds, upon written direction of the City, the Trustee will apply such amounts to the purchase of 2026A Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a written request of the City, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2026A Bonds.

Application of Redemption Fund. There has been established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the 2026A Bonds to be redeemed on any Redemption Date pursuant to the Indenture; provided, however, that at any time prior to selection for redemption of any such 2026A Bonds, upon written direction of the City, and with approval in writing by the Insurer with respect to any 2026A Bonds (so long as the Insurer has not defaulted on any obligation under the Insurance Policy), the Trustee will apply such amounts to the purchase of 2026A Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as will be directed pursuant to a written request of the City, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2026A Bonds.

Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture will be invested by the Trustee solely in Permitted Investments, which will, as nearly as possible, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Such investments will be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least two Business Days in advance of the making of such investments (which directions will be promptly confirmed to the Trustee in writing). In the absence of any such directions from the Authority, the Trustee will invest any such moneys in Permitted Investments; provided, however, that any such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received a written direction from the City specifying a specific money market fund and, if no such written direction from the City is so received, the Trustee will hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund will be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established under the Indenture will be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments under the Indenture, the Trustee may commingle funds (other than the Rebate Fund) held by it thereunder upon the Request of the Authority. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee will incur no liability for losses arising from any investments made pursuant to the Indenture. The Trustee may rely conclusively upon the investment direction of the Authority or the City as to the suitability and legality of the directed investments.

The City has acknowledged that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City has specifically waived receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic cash transaction statements which include detail for all investment transactions effected by the Trustee and 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 further understands 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.

The Trustee may make any investments under the Indenture through its own bond or investment department or trust investment department, or those of its parent or an affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture. The parties acknowledge that the Trustee is not providing investment supervision, recommendations, or advice.

The City will invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

The Authority will invest, or cause to be invested, all monies in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established under the Indenture, but will account for each separately. In determining the market value of Permitted Investments, the Trustee may use and rely conclusively and without liability upon any generally recognized pricing information service (including brokers and dealers in securities) available to it.

Reserve Fund. The Trustee will establish and hold in trust the Reserve Fund. The Authority will cause the Reserve Surety Policy to be deposited in the Reserve Fund and the Trustee will draw upon the Reserve Surety Policy in accordance with the Indenture.

As long as the Reserve Surety Policy is in full force and effect, and the Insurer has not defaulted on any obligation under the Reserve Surety Policy, the Authority and Trustee agree to comply with the following provisions:

(a) In the event and to the extent that moneys on deposit in the Interest Account and the Principal Account, are insufficient to pay the amount of principal and interest coming due, then upon the later of: (i) one (1) Business Day after receipt by the Insurer of a Notice of Nonpayment (as such terms are defined in the Reserve Surety Policy), duly executed by the Trustee certifying that payment due under the Indenture has not been made to the Trustee; or (ii) the Interest Payment Date, the Insurer will make a deposit of funds in an account with the Trustee or its successor sufficient for the payment to the Trustee of amounts which are then due to the Trustee under the Indenture up to but not in excess of the Policy Limit, as defined in the Reserve Surety Policy.

(b) The Authority will repay, or cause the City to repay any draws under the Reserve Surety Policy and pay all related reasonable expenses incurred by the Insurer. Interest will accrue and be payable on such draws and expenses from the date of payment by the Insurer at the Late Payment Rate. For purposes of the Indenture, "Late Payment Rate" means the lesser of: (i) the greater of: (A) the per annum rate of interest, publicly announced from time to time by JP Morgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by JP Morgan Chase Bank) plus 5%; and (ii) 12% and (y) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that JPMorgan Chase Bank ceases to announce its Prime Rate publicly, Prime Rate will be the publicly announced prime or base lending rate of such national bank as the Insurer will specify.

If the interest provisions of the Indenture will 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 will, 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 thereunder to the extent that interest otherwise due thereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess will be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event will any agreed-to or actual exaction as consideration for the indebtedness created in the Indenture exceed the limits imposed or provided by the law applicable to the transaction set forth in the Indenture for the use or detention of money or for forbearance in seeking its collection.

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

(d) Amounts in respect of Policy Costs paid to the Insurer will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Reserve Surety Policy will be increased by a like amount, subject to the terms of the Reserve Surety Policy. The obligation to pay Policy Costs will be secured by a valid lien on all revenues and other collateral pledged as security for the 2026A Bonds (subject only to the priority of payment provisions set forth under the Indenture).

(e) All cash and investments in the Reserve Fund will be transferred to the Principal Account and/or the Interest Account, as applicable, for payment of the principal of and interest on the 2026A Bonds before any drawing may be made on the Reserve Surety Policy or any other credit facility credited to the Reserve Fund in lieu of cash ("Credit Facility"). Payment of any Policy Costs will be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Reserve Surety Policy) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities will be made on a pro-rata basis prior to replenishment of any cash drawn from the Reserve Fund. Repayment of all Policy Costs and the replenishment of the Reserve Fund will be made on a pari passu basis with payments and replenishments required to be made under the Indenture with respect to debt service reserve funds, if any, securing any outstanding parity obligations. 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.

(f) If the Authority fails to pay any Policy Costs in accordance with the requirements of the Indenture, the Insurer will 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 payments of principal of and interest on the 2026A Bonds; or (ii) remedies which would adversely affect Owners of the 2026A Bonds.

(g) The Trustee will ascertain the necessity for a claim upon the Reserve Surety Policy in accordance with the provisions of the Indenture and provide notice to the Insurer in accordance with the terms of the Reserve Surety Policy at least five (5) Business Days prior to an Interest Payment Date.

(h) So long as the Insurance Policy is in full force and effect and the Insurer has not defaulted on any obligation under the Insurance Policy, future deposits of a Credit Facility in the Reserve Fund will require the prior written consent of the Insurer.

Rebate Fund.

(a) Establishment. The Trustee will establish a separate fund for the 2026A Bonds designated the "Rebate Fund." Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2026A Bonds will not be adversely affected, the Authority will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2026A Bonds will be governed by the Indenture and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2026A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained in the Indenture or the Tax Certificate, the Trustee: (i) will be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the Authority; and (ii) has no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate; and (iii) may rely conclusively on the Authority's calculations and determinations and certifications relating to rebate matters; and (iv) has no responsibility to independently make any calculations or determinations or to review the Authority's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of every fifth Bond Year (as such term is defined in the Tax Certificate), the Authority will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for such purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The Authority will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the foregoing provisions.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written Request of the Authority, an amount will be deposited to the Rebate Fund by the Trustee from any Authority Revenues legally available for such purpose (as specified by the Authority in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund equals the amount of Rebatable Arbitrage so calculated in accordance with clause (i) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the Authority, the Trustee will withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund: (A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and (B) Not later than 60 days after the payment of all the 2026A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to the foregoing provisions will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2026A Bonds and the payments described in the Indenture being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the Rebate Fund requirements of the Indenture will survive the defeasance or payment in full of the 2026A Bonds.

Application of Funds and Accounts When No 2026A Bonds are Outstanding. On the date on which all 2026A Bonds are retired under the Indenture or provision made therefor pursuant to the Indenture and after payment of all amounts due the Trustee thereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture will be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the Installment Purchase Agreement.

Claims Upon the Insurance Policy and Payments By and To the Insurer. If, on the third Business Day prior to the related Interest 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 2026A Bonds due on such Interest Payment Date, the Trustee will give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone 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 Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the 2026A Bonds due on such Interest Payment Date, the Trustee will make a claim under the Insurance Policy and give notice to the 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 2026A Bonds and the amount required to pay principal of the 2026A Bonds, confirmed in writing to the 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 Insurance Policy.

The Trustee will designate any portion of payment of principal on 2026A Bonds paid by the 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 2026A Bonds registered to the then current Owner of the 2026A Bonds, whether DTC or its nominee or otherwise, and will issue a replacement 2026A Bond to the Insurer, registered in the name of Assured Guaranty Inc., 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 2026A Bond will have no effect on the amount of principal or interest payable by the Authority on any 2026A Bond or the subrogation rights of the Insurer.

The Trustee will keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest with respect to and principal of any 2026A Bond. The Insurer will have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

Upon payment of a claim under the Insurance Policy, the Trustee will establish a separate special purpose trust account for the benefit of Owners of the 2026A Bonds referred to herein as the "Policy Payments Account" and over which the Trustee will have exclusive control and sole right of withdrawal. The Trustee will receive any amount paid under the Insurance Policy in trust on behalf of Owners of the 2026A Bonds and will deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts will be disbursed by the Trustee to Owners of the 2026A Bonds in the same manner as principal and interest payments are to be made with respect to the 2026A Bonds under the sections of the Indenture regarding payment of 2026A Bonds. It will 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 to pay, or cause the City to pay, to the Insurer, solely from the revenues pledged as security for the Bonds and the Series 2026A Installment Payments (i) a sum equal to the total of all amounts paid by the Insurer under the Insurance Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). For purposes of this section, "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 3%, and (ii) the then applicable highest rate of interest on the 2026A Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate will be computed on the basis of the actual number of days elapsed over a year of 360 days. The Authority hereby covenants and agrees that the Insurer Reimbursement Amounts are secured by a lien on and pledge of the Authority Revenues and payable from such Authority Revenues on a parity with debt service due on the 2026A Bonds.

Funds held in the Policy Payments Account will not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. The Trustee will notify the Insurer of any funds remaining in the Policy Payments Account after the Trustee has made the payments for which a claim was made to the Owners of the 2026A Bonds and will, at the written direction of the Insurer, promptly remit such funds remaining to the Insurer.

Payments by the Insurer as a Result of Nonpayment. The Insurer will be entitled to pay principal or interest on the 2026A Bonds that will become Due for Payment but will be unpaid by reason of Nonpayment by the Authority (as such terms are defined in the Insurance Policy) and any amounts due on the 2026A Bonds as a result of acceleration of the maturity thereof in accordance with the Indenture, whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Insurance Policy) or a claim upon the Insurance Policy.

PARTICULAR COVENANTS

Punctual Payment. The Authority will punctually pay or cause to be paid the principal and interest to become due in respect of all the 2026A Bonds, in strict conformity with the terms of the 2026A Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Authority Revenues and other assets pledged for such payment as provided in the Indenture.

Extension of Payment of 2026A Bonds. The Authority will not directly or indirectly extend or assent to the extension of the maturity of any of the 2026A Bonds or the time of payment of any claims for interest by the purchase of such 2026A Bonds or by any other arrangement, and in case the maturity of any of the 2026A Bonds or the time of payment of any such claims for interest are extended, such 2026A Bonds or claims for interest will not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the 2026A Bonds then Outstanding and of all claims for interest thereon which have not been so extended.

Against Encumbrances. The Authority may not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Authority Revenues and other assets pledged or assigned under the Indenture while any of the 2026A Bonds are Outstanding or amounts are due to the Insurer, except the pledge and assignment created by the Indenture. Subject to the foregoing limitation, the Authority has reserved the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Joint Powers Agreement, and reserves the right to issue other obligations for such purposes.

Power to Issue 2026A Bonds and Make Pledge and Assignment. The Authority has been duly authorized pursuant to law to issue the 2026A Bonds and to enter into the Indenture and to pledge and assign the Authority Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2026A Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee will at all times, subject to the provisions of the Indenture and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the 2026A Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Accounting Records and Financial Statements. The Trustee will at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries are made of all transactions made by it relating to the proceeds of 2026A Bonds, the Authority Revenues and all funds and accounts established by it pursuant to the Indenture. Such books of record and account will be available for inspection by the Authority, the Insurer and the City upon reasonable prior notice during business hours and under reasonable circumstances.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2026A Bonds will not be adversely affected for federal income tax purposes, the Authority has covenanted to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2026A Bonds and has specifically covenanted, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action or refrain from taking any action or make any use of the proceeds of the 2026A Bonds or of any other moneys or property which would cause the 2026A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the 2026A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2026A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Authority will make no use of the proceeds of the 2026A Bonds or take or omit to take any action that would cause the 2026A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2026A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The Authority will make no use of the proceeds of the 2026A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the 2026A Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2026A Bonds for federal income tax purposes; and

(f) Miscellaneous. The Authority will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with the issuance of the 2026A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

The foregoing tax covenants are not applicable to, and nothing contained in the Indenture prevents the Authority from issuing revenue bonds or executing and delivering contracts that are payable on a parity with the 2026A Bonds, the interest with respect to which has been determined to be subject to federal income taxation.

Payments Under Installment Purchase Agreement. The Authority will promptly collect all Series 2026A Installment Payments due from the City pursuant to the Installment Purchase Agreement and, subject to the provisions of the Indenture, enforce, and take all steps, actions and proceedings which the Authority or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the City thereunder.

The Authority may not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee will give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the 2026A Bond Owners or the Insurer; or (b) the Trustee first obtains the written consent of the Insurer and the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding to such amendment, modification or termination.

Waiver of Laws. The Authority may not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time in force that may affect the covenants and agreements contained in the Indenture or in the 2026A Bonds, and all benefit or advantage of any such law or laws has been waived by the Authority to the extent permitted by law.

Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2026A Bonds of the rights and benefits provided in the Indenture.

Eminent Domain. If all or any part of the 2026A Project is taken by eminent domain proceedings (or sold to a government entity threatening to exercise the power of eminent domain), the Net Proceeds therefrom will be applied in the manner specified in the Installment Purchase Agreement.

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Events of Default. The following events are Events of Default under the Indenture: (a) Default by the Authority in the due and punctual payment of the principal of any 2026A Bonds when and as the same become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise. (b) Default by the Authority in the due and punctual payment of any installment of interest on any 2026A Bonds when and as the same become due and payable. (c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2026A Bonds contained, if such default continues for a period of thirty (30) days after written notice thereof specifying such default and requiring the same to be remedied has been given to the Authority by the Trustee, the Insurer or by the Owners of not less than a majority in aggregate principal amount of 2026A Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such thirty (30) day period, and corrective action is instituted by the Authority, with the written approval of the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy), within such thirty (30) day period and diligently pursued in good faith until the default is corrected, such default will not be an Event of Default under the Indenture. (d) The Authority files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction approves a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction assumes custody or control of the Authority or of the whole or any substantial part of its property. (e) An Event of Default occurs under the Installment Purchase Agreement.

Remedies Upon Event of Default. If any Event of Default occurs, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, with the written consent of the Insurer (so long as the Insurer has not defaulted on any obligation under the Insurance Policy) which consent will be at the sole discretion of the Insurer, declare the principal of all of the 2026A Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same will become and be immediately due and payable, anything in the Indenture or in the 2026A Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture permits or requires the Trustee or the Authority to accelerate payments due under the Installment Purchase Agreement if the City, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due has been obtained or entered, the Authority or the City deposits with the Trustee a sum sufficient to pay all the principal of and installments of interest on the 2026A Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2026A Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee will have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate have been made therefor, then, and in every such case the Trustee will on behalf of the Owners of all of the 2026A Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment extends to or affects any subsequent Event of Default, or impairs or exhausts any right or power consequent thereon.

The Authority and the Trustee acknowledge that the Insurer may elect, in its sole discretion, to pay accelerated principal and interest accrued on such principal to the date of acceleration (to the extent unpaid by the Authority), and the Trustee will be required to accept such amounts with respect to the 2026A Bonds. Upon payment in full of such accelerated principal and interest accrued to the acceleration date as provided above, the Insurer's obligations under the Insurance Policy with respect to such 2026A Bonds will be fully discharged.

Application of Authority Revenues and Other Funds After Default. If an Event of Default occurs and is continuing, all Authority Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) will be applied by the Trustee as follows and in the following order: (i) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2026A Bonds and payment of reasonable fees and expenses of the Trustee (including reasonable fees and disbursements of accountants and counsel) incurred in and about the performance of its powers and duties under the Indenture; (ii) To the payment of the principal of and interest then due on the 2026A Bonds (upon presentation of the 2026A Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, in the following order of priority: First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available are not sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; Second: To the payment to the persons entitled thereto of the unpaid principal of any 2026A Bonds which have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of 8% per annum, and, if the amount available is not sufficient to pay in full all the 2026A Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and Third: To the extent Policy Costs or Insurer Reimbursement Amounts are due and payable to the Insurer and such amounts have not been paid pursuant to First and Second above, to the payment of such amounts; and Fourth: If there will exist any remainder after the foregoing payments, such remainder will be paid to the Authority.

Trustee to Represent 2026A Bond Owners. The Trustee has been irrevocably appointed (and the successive respective Owners of the 2026A Bonds, by taking and holding the same, are conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2026A Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2026A Bonds or the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2026A Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, will proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it deems most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained in the Indenture, or in aid of the execution of any power therein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2026A Bonds or the Indenture or any other law; and upon instituting such proceeding, the Trustee is entitled, as a matter of right, to the appointment of a receiver of the Authority Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2026A Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2026A Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee will be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2026A Bonds, subject to the provisions of the Indenture. Except to the extent provided therein, nothing in the Indenture will 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 2026A 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.

2026A Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee under the Indenture, provided that such direction will not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee has the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2026A Bond Owners not parties to such direction.

Suit by Owners. No Owner of any 2026A Bonds has the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Installment Purchase Agreement, the Joint Powers Agreement or any other applicable law with respect to such 2026A Bonds, unless: (a) such Owners have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than 25% in aggregate principal amount of the 2026A Bonds then Outstanding have made written request upon the Trustee to exercise the powers granted in the Indenture or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee; and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority in aggregate principal amount of the 2026A Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission have been declared, in every case, to be conditions precedent to the exercise by any Owner of 2026A Bonds of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners of 2026A Bonds have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2026A Bonds, or to enforce any right under the 2026A Bonds, the Indenture, the Installment Purchase Agreement, the Joint Powers Agreement or other applicable law with respect to the 2026A Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right will be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners of the Outstanding 2026A Bonds, subject to the provisions of the Indenture.

Absolute Obligation of the Authority. Nothing contained in the Indenture or in any other provision of the Indenture or in the 2026A Bonds affects or impairs the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the 2026A Bonds to the respective Owners of the 2026A Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Authority Revenues and other assets pledged therefore in the Indenture, or affects or impairs the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2026A Bonds.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners of the 2026A Bonds in the Indenture is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, is cumulative and in addition to any other remedy given under the Indenture or now or later existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2026A Bonds to exercise any right or power arising upon the occurrence of any Event of Default will impair any such right or power or be construed to be a waiver of any such Event of Default or an acquiescence therein.

Insurer Rights. Notwithstanding anything herein to the contrary, the Insurer will be deemed to be the sole Owner of the 2026A Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the Owners of the 2026A Bonds are entitled to take pursuant to the Indenture pertaining to (i) defaults and remedies and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each 2026A Bond, each Owner of the 2026A Bonds appoints the Insurer as its agent and attorney-in-fact with respect to the 2026A Bonds and agrees that the Insurer may at any time during the continuation of any proceeding by or against the Authority under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation, (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"), (B) the direction of any appeal of any order relating to any Claim, (C) the posting of any surety, supersedeas or performance bond pending any such appeal, and (D) the right to vote to accept or reject any plan of adjustment. In addition, each Owner of the 2026A Bonds delegates and assigns to the Insurer, to the fullest extent permitted by law, the rights of each Owner of the 2026A Bonds 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 2026A Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owners will expressly include mandamus.

The Trustee acknowledges such appointment, delegation and assignment by each Owner of the 2026A Bonds for the Insurer's benefit, and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment.

THE TRUSTEE

Duties, Immunities and Liabilities of Trustee. (a) The Trustee will, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. These duties will be deemed purely ministerial in nature, the Trustee will not be liable except for the performance of such duties, and no implied covenants or duties may be read into the Indenture against the Trustee. The Trustee will, during the existence of any Event of Default (which has not been cured or waived), 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 person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) The Authority may remove the Trustee at any time, unless an Event of Default has occurred and then is continuing, and will remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2026A Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee ceases to be eligible in accordance with the Indenture, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon will promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign and be discharged from its duties and obligations hereunder by giving thirty (30) calendar days' written notice of such resignation to the Authority and by giving the 2026A Bond Owners notice of such resignation (which notice may be by electronic means). Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation upon thirty calendar (30) days' prior notice of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within forty five (45) calendar days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee (at the sole cost and expense of the Authority, including with respect to reasonable attorneys' fees and expenses) or any 2026A Bond Owner (on behalf of himself and all other 2026A Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee and for other appropriate relief, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee and grant such other relief. Any successor Trustee appointed under the Indenture will signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, will become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee will execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and will pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Authority will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in the Indenture, the Authority will mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which is then rating the 2026A Bonds and to the 2026A Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee will cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of the Indenture in succession to the Trustee must be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least $75,000,000, and subject to supervision or examination for federal or state authority. If such bank, banking 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 for the purpose of the Indenture the combined capital and surplus of such trust company, banking association or bank will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee ceases to be eligible in accordance with the provisions of the Indenture, the Trustee will resign immediately in the manner and with the effect specified in the Indenture.

Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it is a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, banking association or bank is eligible under the Indenture, will be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the 2026A Bonds will be taken as statements of the Authority, and the Trustee does not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture, the 2026A Bonds or the Installment Purchase Agreement, nor does the Trustee incur any responsibility in respect thereof, other than as specifically and expressly stated in the Indenture in connection with the respective duties or obligations therein or in the 2026A Bonds assigned to or imposed upon it. The Trustee will, however, be responsible for its representations contained in its certificate of authentication on the 2026A Bonds. The Trustee will not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction. The Trustee may become the Owner of 2026A Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2026A Bond Owners, whether or not such committee represents the Owners of a majority in principal amount of the 2026A Bonds then Outstanding.

(b) The Trustee is not liable for any action taken or error of judgment made in good faith by it or any of its directors, officers, employees, attorneys or agents, unless it is finally adjudicated by a court of competent jurisdiction that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee is not liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for in the Indenture) in aggregate principal amount of the 2026A Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee is not liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) The Trustee will not be deemed to have knowledge of any default or Event of Default under the Indenture or the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default under the Indenture or the Installment Purchase Agreement unless and until a Responsible Officer of the Trustee has actual knowledge of such event or the Trustee has been notified in writing, in accordance with the Indenture, of such event by the Authority or the Owners of not less than 25% of the 2026A Bonds then Outstanding. Except as otherwise provided in the Indenture, the Trustee is not bound to ascertain or inquire as to the performance or observance by the Authority or the City of any of the terms, conditions, covenants or agreements in the Indenture, or under the Installment

Purchase Agreement, of any of the documents executed in connection with the 2026A Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee is not responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties thereunder, or in the exercise of any of its rights or powers.

(g) The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners have furnished to the Trustee security or indemnity (satisfactory to the Trustee in its sole and absolute discretion) against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee under the Indenture will be construed to impose a duty to exercise such power, right or remedy and the Trustee will not be answerable for other than its negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction.

(h) Whether or not expressly so provided in the Indenture, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to the provisions of the Indenture.

(i) The Trustee has no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2026A Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee will not be considered in breach of or in default in its obligations under the Indenture or progress in respect thereto in the event of enforced delay ("unavoidable delay") in the performance of such obligations due to causes beyond its control which affect the Trustee's ability to perform its obligations under the Indenture, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2026A Project, malicious mischief, condemnation, unusually severe weather or delays of suppliers or subcontractors due to such causes, the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility, or any other event and/or occurrences similar to any of the foregoing beyond the control of the Trustee.

(m) The Trustee will be entitled to request and receive written instructions from Authority and will have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Trustee in accordance with the written direction of the Authority. The Trustee will 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" means 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 will 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 will be amended by the Authority, whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions will be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee will 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 will be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Authority 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. The Trustee will not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Authority agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Authority; (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.

(n) Notwithstanding the effective date of the Indenture or anything to the contrary in the Indenture, the Trustee will have no liability or responsibility for any act or event relating to the Indenture which occurs prior to the date the Trustee formally executes the Indenture and commences acting as Trustee thereunder.

(o) The Trustee is not concerned with or accountable to anyone for the subsequent use or application of any moneys which are released or withdrawn in accordance with the provisions of the Indenture.

(p) The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty and it is not answerable for other than its negligence or willful misconduct, as finally adjudicated by a court of competent jurisdiction.

(q) The Trustee has no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the 2026A Bonds.

(r) In no event will 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.

(s) The Trustee may execute any of the trusts or powers under the Indenture and perform the duties required of it under the Indenture either directly or by or through attorneys or agents and will be entitled to rely on and will not be liable for any action taken or omitted to be taken by the Trustee in accordance with the advice of counsel or other professionals retained or consulted by the Trustee concerning all matters of trust and its duties thereunder and will be absolutely protected in relying thereon. The Trustee will not be responsible for the acts or omissions of such attorneys or agents selected by it with due care. The Trustee may, at the expense of Authority, request, rely on and act in accordance with officer's certificates and/or opinions of counsel, and will incur no liability and will be fully protected in acting or refraining from acting in accordance with such officer's certificates and opinions of counsel.

(t) Neither the Trustee nor any of its directors, officers, employees, agents or affiliates will be responsible for nor have any duty to monitor the performance or any action of the Authority, or any of their directors, members, officers, agents, affiliates or employee, nor will 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 will have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

Right to Rely on Documents. The Trustee will be protected in acting upon any notice, resolution, requisition, request, consent, order, judgment, decree, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2026A Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2026A Bonds for all purposes and the Trustee will not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee deems 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 is specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of the Authority, and such Certificate, Request or Requisition will be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture will be retained in their respective possession and will be subject at all reasonable times to the inspection of the Authority, the City and any 2026A Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Compensation and Indemnification. The Authority and the City will pay to the Trustee from time to time all reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The Authority and the City will indemnify, defend and hold harmless the Trustee, its officers, employees, directors, attorneys and agents from and against any loss, costs, claims, liability or expense (including fees, costs and expenses of its attorneys and advisors) incurred without negligence or willful misconduct on its part (as finally adjudicated by a court of competent jurisdiction), arising out of or in connection with the execution of the Indenture, acceptance or administration of such trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers under the Indenture. The rights of the Trustee and the obligations of the Authority under the Indenture will survive removal or resignation of the Trustee thereunder or the discharge of the 2026A Bonds and the Indenture.

Notice to Insurer by Trustee. The Trustee will notify the Insurer of any known failure of the Authority to provide notices, certificates and other information under the Indenture and the Installment Purchase Agreement of which the Trustee has actual or deemed knowledge pursuant to the Indenture.

MODIFICATION OR AMENDMENT OF THE INDENTURE

Amendments Permitted. (a) The Indenture and the rights and obligations of the Authority and of the Owners of the 2026A Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into with the written consent of the Insurer, so long as the Insurer has not defaulted on any obligation under the Insurance Policy (or, in the event the Insurer has so defaulted, and the Owners of a majority in aggregate principal amount of 2026A Bonds then Outstanding, will have been filed with the Trustee). No such modification or amendment may: (1) extend the fixed maturity of any 2026A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2026A Bond so affected; or (2) alter the right of the Insurer to consent to any such modification or amendment, reduce the aforesaid percentage of 2026A Bonds the consent of the Owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the 2026A Bonds of the lien created by the Indenture on such Authority Revenues and other assets except as permitted in the Indenture, without the consent of the Insurer or the Owners of all of the 2026A Bonds then Outstanding. It is not necessary for the consent of the Insurer or the 2026A Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to the Indenture, the Trustee will mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2026A Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, does not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the 2026A Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any 2026A Bond Owners or the Insurer if the Trustee receives an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture do not materially adversely affect the interests of the Owners of the Outstanding 2026A Bonds, including, without limitation, for any one or more of the following purposes; provided, however, that any such amendment or modification which adversely affects the rights and interest of the Insurer shall require the prior written consent of the Insurer: (1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2026A Bonds (or any portion thereof), or to surrender any right or power reserved to or conferred upon the Authority in the Indenture; (2) 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, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable; (3) 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 under the Indenture in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and (4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2026A Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but is not obligated to, enter into any such Supplemental Indenture authorized by the Indenture which materially adversely affects the Trustee’s own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture under the Indenture, there will be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2026A Bonds from federal income taxation and from state income taxation.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee, the Insurer, and all Owners of 2026A Bonds Outstanding will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of 2026A Bonds; Preparation of New 2026A Bonds. 2026A Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Trustee so determines, will, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2026A Bonds Outstanding at the time of such execution and presentation of his or her 2026A Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation will be made on such 2026A Bonds. If the Supplemental Indenture so provides, new 2026A Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, will be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any 2026A Bonds then Outstanding will be exchanged at the Office of the Trustee, without cost to any 2026A Bond Owner, for 2026A Bonds then Outstanding, upon surrender for cancellation of such 2026A Bonds, in equal aggregate principal amount of the same maturity.

Amendment of Particular 2026A Bonds. The provisions of the Indenture do not prevent any 2026A Bond Owner from accepting any amendment as to the particular 2026A Bonds held by him.

Effect of Insurance Policy. 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 2026A Bonds or the rights of the Owners, the Trustee will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Insurance Policy.

DEFEASANCE

Discharge of Indenture. The 2026A Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable under the Indenture by the Authority: (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the 2026A Bonds, as and when the same become due and payable; (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Indenture) to pay or redeem all 2026A Bonds then Outstanding; or (c) by delivering to the Trustee, for cancellation by it, all of the 2026A Bonds then Outstanding.

If the Authority also pays or causes to be paid all other sums payable under the Indenture by the Authority, then and in that case, at the election of the Authority (as evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any 2026A Bonds have not been surrendered for payment, the Indenture and the pledge of Authority Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture will cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee will execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of 2026A Bonds not theretofore surrendered for such payment or redemption to the Authority.

Discharge of Liability on 2026A Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in the Indenture) to pay or redeem any

Outstanding 2026A Bonds (whether upon or prior to the maturity or the redemption date of such 2026A Bonds), provided that, if such Outstanding 2026A Bonds are to be redeemed prior to maturity, notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice, then all liability of the Authority in respect of such 2026A Bonds will cease, terminate and be completely discharged, and the Owners thereof will thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of the Indenture.

The Authority may at any time surrender to the Trustee for cancellation by it any 2026A Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such 2026A Bonds, upon such surrender and cancellation, will be deemed to be paid and retired.

Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2026A Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and will be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2026A Bonds and all unpaid interest thereon to maturity, except that, in the case of 2026A Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption has been given as provided in the Indenture or provisions satisfactory to the Trustee have been made for the giving of such notice, the amount to be deposited or held will be the principal amount of such 2026A Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or

(b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the Authority, the Insurer and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the 2026A Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of 2026A Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption has been given as provided in the Indenture or provision satisfactory to the Trustee has been made for the giving of such notice;

provided, in each case, that: (i) the Trustee has been irrevocably instructed (by the terms of the Indenture or by Written Request of the City) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2026A Bonds as directed by the City; (ii) the City has delivered to the Trustee and the Insurer (with respect to 2026A Bonds) an opinion of Bond Counsel addressed to the City, the Trustee and the Insurer (with respect to 2026A Bonds) to the effect that such 2026A Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above); (iii) the City has delivered an escrow agreement (acceptable in form and substance to the Insurer with respect to 2026A Bonds); and (iv) the City has delivered a certificate of discharge of the Trustee with respect to the 2026A Bonds. The opinion of Bond Counsel and Independent Certified Public Accountant's or Independent Financial Consultant's opinion referred to above will be acceptable in form and substance, and addressed to, the Authority, the City, Trustee and Insurer (with respect to 2026A Bonds). The Insurer will be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow with respect to any 2026A Bonds to be defeased.

The 2026A Bonds will be deemed Outstanding under the Indenture unless and until they are in fact paid and retired or the defeasance criteria in the Indenture described above are met.

Payment of 2026A Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2026A Bonds and remaining unclaimed for two years after the principal of all of the 2026A Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the 2026A Bonds became due and payable, will be repaid to the Authority (without liability for interest) free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of 2026A Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee will at the written direction of the Authority (at the cost of the Authority) first mail to the Owners of 2026A Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2026A 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

Liability of Authority Limited to Authority Revenues. Notwithstanding anything in the Indenture or the 2026A Bonds, the Authority is not required to advance any moneys derived from any source other than the Authority Revenues and other moneys pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the 2026A Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but is not required to, advance for any of the purposes of the Indenture any funds of the Authority which may be made available to it for such purposes.

The 2026A Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority) and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable under the Indenture. The City has no liability or obligation in the Indenture except with respect to Series 2026A Installment Payments payable under the Installment Purchase Agreement.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Authority or the Trustee is named or referred to, such reference includes the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Authority or the Trustee bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Limitation of Rights to Parties and 2026A Bond Owners. Nothing in the Indenture or in the 2026A Bonds expressed or implied is intended or will be construed to give to any person other than the Authority, the Trustee, the City, the Insurer and the Owners of the 2026A Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision contained therein or in the Indenture; and all such covenants, conditions and provisions are and will be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City, the Insurer and the Owners of the 2026A Bonds.

Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice will not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in the Indenture any notice is required to be given by mail, such requirement will be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Destruction of 2026A Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any 2026A Bonds, the Trustee will destroy such 2026A Bonds as may be allowed by law, and deliver a certificate of such destruction to the Authority.

Entire Agreement; Severability of Invalid Provisions. 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 provisions contained in the Indenture or in the 2026A Bonds are for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions will be severable from the remaining provisions contained in the Indenture and such invalidity, illegality or unenforceability does not affect any other provision of the Indenture, and the Indenture will be construed as if such invalid or illegal or unenforceable provision had never been contained therein. The Authority has declared that it would have entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase thereof and authorized the issuance of the 2026A Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Evidence of Rights of 2026A Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2026A Bond Owners may be in any number of concurrent instruments of substantially similar tenor and will be signed or executed by such 2026A Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2026A Bonds transferable by delivery, will be sufficient for any purpose of the Indenture and will be conclusive in favor of the Trustee and the Authority if made in the manner provided in the Indenture.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The Ownership of 2026A Bonds will be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any 2026A Bond binds every future Owner of the same 2026A Bond and the Owner of every 2026A Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Disqualified 2026A Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2026A Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2026A Bonds which are known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the 2026A Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the 2026A Bonds, will be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2026A Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such 2026A 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 any other obligor on the 2026A Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee. Upon request, the Authority will certify to the Trustee those 2026A Bonds that are disqualified pursuant to the Indenture and the Trustee may conclusively rely on such certificate.

Money Held for Particular 2026A Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2026A Bonds (or portions of 2026A Bonds in the case of registered 2026A Bonds redeemed in part only) will, 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 2026A Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts will at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the 2026A Bonds and the rights of every Owner thereof.

Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the Authority or the City is individually or personally liable for the payment of the principal of or premium or interest on the 2026A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture relieves any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

CUSIP Numbers. Neither the Trustee nor the Authority are liable for any defect or inaccuracy in the CUSIP number that appears on any 2026A Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2026A Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2026A Bondholders and that neither the Authority nor the Trustee are liable for any inaccuracies in such numbers.

Choice of Law. THE INDENTURE WILL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

Notice to Rating Agencies. The Trustee will provide any Rating Agency rating the 2026A Bonds with written notice of each amendment to the Indenture and a copy thereof at least 15 days in advance of its execution.

Insurer as Third Party Beneficiary. The Insurer is intended as a third party beneficiary to the Indenture.

Impairment of Insurer's Rights. No contract will be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the 2026A Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

Insurer Consideration. The rights granted to the Insurer under the Indenture and the Installment Purchase Agreement (including any supplement thereto or amendment thereof) to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Insurance Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the Owners and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners or any other person is required in addition to the consent of the Insurer.

Amounts Paid by Insurer. Amounts paid by the Insurer under the Insurance Policy will not be deemed paid for purposes of the Indenture and the 2026A Bonds relating to such payments will remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture will not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Reimbursement of Insurer Fees. The Authority will pay or reimburse the Insurer, solely from the Authority Revenues, or cause the City to pay or reimburse, solely from Net Revenues of the Electric System, any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with (i) the administration, enforcement, defense or preservation of any rights or security in the Indenture or the Installment Purchase Agreement; (ii) the pursuit of any remedies under the Indenture or the Installment Purchase Agreement or otherwise afforded by law or equity, (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or the Installment Purchase Agreement whether or not executed or completed, or (iv) any litigation, proceeding (including any Insolvency Proceeding) or other dispute in connection with the Indenture or the Installment Purchase Agreement or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Insurance Policy. The 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 the Installment Purchase Agreement. Amounts payable by the Authority thereunder will bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date the Insurer is paid in full. The obligation to reimburse the Insurer will survive discharge or termination of the Indenture and Installment Purchase Agreement.

Covenant to Preserve Priority. Each of the Authority and the Trustee has covenanted and agreed to take such action (including, as applicable, filing of Uniform Commercial Code financing statements and continuations thereof) as is necessary from time to time to preserve the priority of the pledge of the Authority Revenues set forth in the Indenture under applicable law.

Subrogation and Survival of Obligations. The Insurer will, to the extent it makes any payment of principal of or interest on the 2026A Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy (which subrogation rights will also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Indenture or Installment Purchase Agreement or any supplement thereto or amendment thereof will survive discharge or termination of the Indenture or the Installment Purchase Agreement or any supplement thereto or amendment thereof.

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

Upon issuance of the 2026A Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

City of Moreno Valley
Moreno Valley, California

Re: *Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A*

Members of the Board of Directors:

We have acted as Bond Counsel to the Moreno Valley Public Financing Authority (the "Authority") in connection with the issuance of $135,955,000 aggregate principal amount of Moreno Valley Public Financing Authority Electric System Revenue Bonds, Series 2026A (the "2026A Bonds"). The 2026A Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of June 1, 2026 (the "Indenture"), by and between the Authority and Wilmington Trust, National Association, as trustee (the "Trustee").

The 2026A Bonds are limited obligations of the Authority payable solely from Authority Revenues (as such term is defined in the Indenture), consisting of payments (the "Series 2026A Installment Payments") to be made by the City of Moreno Valley (the "City") to the Authority pursuant to an Installment Purchase Agreement, dated as of June 1, 2026 (the "Installment Purchase Agreement"), by and between the Authority and the City and from certain other amounts on deposit in funds and accounts under the Indenture.

In connection with our representation we have examined a certified copy of the proceedings relating to the 2026A Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the 2026A Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the 2026A Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the 2026A Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. The proceedings of the City and the Authority show lawful authority for the execution and delivery by the City and the Authority of the Installment Purchase Agreement under the laws of the State of California now in force, and the Installment Purchase Agreement has been duly authorized, executed and delivered by the City and the Authority and is a valid and binding obligation of the City and the Authority enforceable against the City and the Authority in accordance with its terms.

4. The obligation of the City to make the Series 2026A Installment Payments from Net Electric System Revenues (as defined in the Installment Purchase Agreement) is an enforceable obligation of the City

and does not constitute a debt of the City, or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

5. 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 2026A 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, 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 2026A 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 2026A Bonds is exempt from State of California personal income tax.

7. The difference between the issue price of a 2026A Bond (the first price at which a substantial amount of the 2026A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2026A Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2026A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the 2026A Bond Owner will increase the 2026A Bond Owner's basis in the 2026A Bond. In the opinion of 2026A Bond Counsel, the amount of original issue discount that accrues to the owner of the 2026A Bond is excluded from the gross income of such 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 corporations, and is exempt from State personal income tax.

8. The amount by which a 2026A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2026A 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 2026A Bond Owner's basis in the applicable 2026A 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 2026A Bond premium may result in a 2026A Bond Owner realizing a taxable gain when a 2026A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2026A Bond to the Owner. Purchasers of the 2026A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions that are expressed herein as to the exclusion from gross income of interest (and original issue discount) on the 2026A Bonds are based upon certain representations of fact and certifications made by the City and the Authority and are subject to the condition that the City and the Authority comply with all requirements of the Code that must be satisfied subsequent to issuance of the 2026A Bonds to assure that interest (and original issue discount) on the 2026A 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 2026A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2026A Bonds. The City and the Authority have covenanted to comply with all such requirements.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the 2026A Bonds terminates on the date of their issuance. The Indenture, the Installment Purchase Agreement and the Tax

Certificate relating to the 2026A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of 2026A Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) on the 2026A Bonds for federal income tax purposes if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the 2026A Bonds.

Our opinion is limited to matters governed by the laws of the State and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture, the Installment Purchase Agreement and the 2026A Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the 2026A Bonds and expressly disclaim any duty to advise the Owners of the 2026A Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

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APPENDIX D

DTC AND 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, the City and the Underwriters believe to be reliable, but none of the Authority, the City or the Underwriters takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2026A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2026A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2026A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2026A Bonds. The 2026A Bonds will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be executed and delivered for each annual maturity of the 2026A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. 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 and www.dtc.org.

Purchases of 2026A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2026A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2026A Bonds, except in the event that use of the book-entry system for the 2026A Bonds is discontinued.

To facilitate subsequent transfers, all 2026A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2026A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2026A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2026A Bond documents. For example, Beneficial Owners of 2026A Bonds may wish to ascertain that the nominee holding the 2026A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2026A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2026A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2026A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2026A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2026A Bond Owner shall give notice to elect to have its 2026A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2026A Bond by causing the Direct Participant to transfer the Participant's interest in the 2026A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2026A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2026A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2026A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2026A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical 2026A Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2026A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2026A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2026A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2026A Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Moreno Valley (the "City") in connection with the issuance by the Moreno Valley Public Financing Authority (the "Authority") of its $135,955,000 Electric System Revenue Refunding Bonds, Series 2026A (the "Bonds"). The Bonds are being issued pursuant to an Indenture, dated as of June 1, 2026 (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 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.[*]

Fiscal Year. The term "Fiscal Year" means the one-year period ending on the last day of June of each year.

Holder. The term "Holder" means a registered owner of the Bonds.

Listed Events. The term "Listed Events" means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

[*] *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.*

Official Statement. The term "Official Statement" means the Official Statement dated May 20, 2026 relating to the Bonds.

Participating Underwriter. The term "Participating Underwriter" means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term "Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The City shall provide not later than each March 31 following the end of its Fiscal Year (commencing March 31, 2027 with the Fiscal Year ended June 30, 2026) 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 or incorporate by reference the following information or similar information updated to incorporate information for the most recent Fiscal Year, as applicable (the tables referred to below are those appearing in the Official Statement):

(i) Updated information comparable to the information in the table entitled "CITY OF MORENO VALLEY TOTAL ENERGY PURCHASED AND PEAK DEMAND";

(ii) Updated information comparable to the information in the table entitled "CITY OF MORENO VALLEY NUMBER OF METERED CUSTOMERS";

(iii) Updated information comparable to the information in the table entitled "CITY OF MORENO VALLEY ENERGY SOLD";

(i) Updated information comparable to the information in the table entitled "CITY OF MORENO VALLEY HISTORY OF BILLINGS AND COLLECTIONS"; and

(vi) Updated information comparable to the information in the table entitled "CITY OF MORENO VALLEY HISTORICAL ELECTRIC SYSTEM OPERATING RESULTS".

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: June 17, 2026

CITY OF MORENO VALLEY

By: ______________________________
Its: City Manager

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APPENDIX F

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), 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 AG, 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 AG shall have received Notice of Nonpayment, AG 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 AG, 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 AG. 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 AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG 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, AG 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 AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG 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 AG 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 AG 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.

AG 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 AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG 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 AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG 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 AG 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 AG, 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 INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

MORENO VALLEY PUBLIC FINANCING AUTHORITY • ELECTRIC SYSTEM REVENUE BONDS, SERIES 2026A

Mixed Sources
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