

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 29, 2026

NEW ISSUE - FULL BOOK-ENTRY

RATING: Standard & Poor's: "AA+"
See "RATING" herein.

In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$129,000,000*

CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2026 (PUBLIC SAFETY BUILDING PROJECT)

Dated: Date of Delivery

Due: May 1, as shown on inside cover

Authority for Issuance. The bonds captioned above (the "2026 Bonds") are being issued by the City of Mountain View Capital Improvements Financing Authority (the "Authority") under a resolution adopted by the Board of Directors of the Authority on April 28, 2026, and an Indenture of Trust dated as of May 1, 2026 (the "Indenture") by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). See "THE 2026 BONDS – Authority for Issuance."

Purpose. The 2026 Bonds are being issued primarily to finance the acquisition, construction and demolition of public capital improvements of the City of Mountain View (the "City"), consisting generally of the acquisition and construction of a new Public Safety Building and subsequent demolition of the existing Mountain View Police Department building, and such other improvements that may be identified from time to time by the City. In addition, the proceeds of the 2026 Bonds will be used to pay the costs of issuing the 2026 Bonds. See "FINANCING PLAN."

Security. Under the Indenture, the 2026 Bonds are payable from and secured by a first pledge of and lien on "Revenues" consisting primarily of lease payments (the "Lease Payments") made by the City under a Lease Agreement dated as of May 1, 2026, between the Authority, as lessor, and the City, as lessee. The 2026 Bonds are also secured by certain funds on deposit under the Indenture. See "THE LEASED PROPERTY" and "SECURITY FOR THE BONDS."

Book-Entry Only. The 2026 Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). The 2026 Bonds are issuable as fully registered securities in denominations of \$5,000 or any integral multiple of \$5,000. Purchasers of the 2026 Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the 2026 Bonds. See "THE 2026 BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. Interest on the 2026 Bonds accrues from the date of delivery and is payable semiannually on May 1 and November 1 of each year, commencing November 1, 2026. Payments of principal and interest on the 2026 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants, which will remit such payments to the Beneficial Owners of the 2026 Bonds. See "THE 2026 BONDS – General Provisions."

Redemption. The 2026 Bonds are subject to optional redemption, mandatory sinking fund payment redemption and special mandatory redemption from insurance or condemnation proceeds prior to maturity. See "THE 2026 BONDS – Redemption."

NONE OF THE 2026 BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, OR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE 2026 BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE 2026 BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

MATURITY SCHEDULE (see inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the 2026 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2026 Bonds are offered when, as and if issued and accepted by the Underwriters, subject to approval as to their legality by Jones Hall LLP, San Mateo, California, Bond Counsel, and subject to certain other conditions. Certain legal matters will also be passed upon for the Authority and the City by Jones Hall LLP as Disclosure Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is serving as counsel to the Underwriters. It is anticipated that the 2026 Bonds will be delivered in book-entry form through the facilities of DTC on or about May 28, 2026.

STIFEL

Morgan Stanley

The date of this Official Statement is: _____, 2026

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances will this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor will there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful.

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

MATURITY SCHEDULE*
(Base CUSIP:† _____)

\$_____ Serial Bonds

Maturity Date <u>(May 1)</u>	Principal <u>Amount</u>	Interest <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u>

\$_____ % Term Bond Due May 1, _____, Yield _____%, Price: _____%, CUSIP: _____

* *Preliminary; subject to change.*
† CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 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 City, the Authority or the Underwriters take any responsibility for the accuracy of the CUSIP data.

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
CITY OF MOUNTAIN VIEW**

**BOARD OF DIRECTORS OF THE AUTHORITY
AND MEMBERS OF THE CITY COUNCIL**

Emily Ann Ramos, *Chair and Mayor*
Chris Clark, *Vice Chair and Vice Mayor*
Alison Hicks, *Member and Council Member*
Ellen Kamei, *Member and Council Member*
John McAlister, *Member and Council Member*
Lucas Ramirez, *Member and Council Member*
Pat Showalter, *Member and Council Member*

CITY STAFF

Kimbra McCarthy, City Manager
Jennifer Logue, City Attorney
Arn Andrews, Assistant City Manager
Derek Rampone, Finance and Administrative Services Director

PROFESSIONAL SERVICES

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

MUNICIPAL ADVISOR

Urban Futures, Inc.
Walnut Creek, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the Authority or the Underwriters.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriters to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Authority or the Underwriters.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the 2026 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Preparation of Official Statement. The information set forth in this Official Statement has been furnished by the Authority and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Authority in any press release and in any oral statement made with the approval of an authorized officer of the City or the Authority or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project", "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, Authority or any other entity described or referenced herein since the date hereof.

Document Summaries. All summaries of the Indenture or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The 2026 Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The 2026 Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2026 Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the City, the Authority, the other parties described in this Official Statement, or the condition of the property within the City since the date of this Official Statement.

Website. The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2026 Bonds.

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OFFICIAL STATEMENT

\$129,000,000*

**CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)**

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the bonds captioned above (the “**2026 Bonds**”) by the City of Mountain View Capital Improvements Financing Authority (the “**Authority**”). All capitalized terms used in this Official Statement, unless noted otherwise, have the meanings set forth in the Indenture (as defined below).

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the 2026 Bonds to potential investors is made only by means of the entire Official Statement.

Authority for Issuance. The Authority is issuing the 2026 Bonds under the following:

- (a) Article 4 of Chapter 5, Division 7, Title 1 of the California Government Code, as amended, commencing with Section 6584 (the “**Law**”),
- (b) resolutions adopted by the Board of Directors (the “**Board**”) of the Authority on April 28, 2026 (the “**Authority Resolution**”), and by the City Council (the “**City Council**”) of the City of Mountain View (the “**City**”) on April 28, 2026 (the “**City Resolution**”), and
- (c) an Indenture of Trust (the “**Indenture**”) dated as of May 1, 2026, by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “**Trustee**”).

The Authority. The Authority is a joint powers authority between the City and the Mountain View Shoreline Regional Park Community established under a Joint Exercise of Powers Agreement dated February 25, 1992, entered into under Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the California Government Code, as amended, for the purpose, among others, of issuing its bonds to be used to finance and refinance the acquisition, construction and improvement of public capital improvements of the City.

* Preliminary; subject to change.

The City. The City, which occupies about 12 square miles, is located in the County of Santa Clara (the “**County**”) approximately 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose. The City is part of the “Silicon Valley” area of Northern California, and several high technology businesses are located within its boundaries. See “CITY FINANCIAL INFORMATION – General.”

Purpose of the 2026 Bonds. The 2026 Bonds are being issued primarily to finance the acquisition, construction and demolition of public capital improvements of the City, consisting primarily of the acquisition and construction of a new Public Safety Building and the subsequent demolition of the existing Police and Fire Administration building, together with such other improvements that may be identified from time to time by the City. In addition, proceeds of the 2026 Bonds will be used to pay the costs of issuing the 2026 Bonds. See “FINANCING PLAN.”

Security for the 2026 Bonds and Pledge of Revenues. Under the Indenture, the 2026 Bonds are payable from and secured by a first pledge of and lien on “**Revenues**,” consisting primarily of lease payments (the “**Lease Payments**”) made by the City for the lease of property under the Lease Agreement dated as of May 1, 2026, between the Authority, as lessor, and the City, as lessee (the “**Lease Agreement**”), concerning the leaseback of certain real property owned by the City (the “**Leased Property**”), which will initially consist of the Project Site (and the improvements thereon) and the Civic Center Complex, as defined herein. See “FINANCING PLAN – The Project” and “THE LEASED PROPERTY.”

The 2026 Bonds are also secured by certain funds on deposit under the Indenture. See “SECURITY FOR THE BONDS.”

In order to provide the upfront site lease payment to facilitate the financing plan, the City and the Authority will enter into a Site Lease dated as of May 1, 2026 (the “**Site Lease**”), under which the City will lease the Leased Property to the Authority. Concurrently, the City and the Authority will enter into the Lease Agreement, under which the Authority will lease the Leased Property back to the City. See “THE LEASED PROPERTY.”

No Reserve Fund. No debt service reserve fund has been established with respect to the 2026 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Form of Bonds; Book-Entry Only. The 2026 Bonds will be issued in fully registered form, registered in the name of The Depository Trust Company, New York, New York (“**DTC**”), or its nominee, which will act as securities depository for the 2026 Bonds. Purchasers of the 2026 Bonds will not receive certificates representing the 2026 Bonds that are purchased. See “THE 2026 BONDS - Book-Entry Only System” and “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Redemption. The 2026 Bonds are subject to optional redemption, mandatory redemption from sinking fund payments, and special mandatory redemption from the proceeds of insurance or condemnation proceeds prior to their stated maturity dates. See “THE 2026 BONDS – Redemption.”

Abatement. The Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City’s use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, the Owners of the 2026 Bonds would receive less than the full amount of principal of and interest on the 2026 Bonds. To the extent proceeds of rental interruption insurance are

available (as described below), Lease Payments (or a portion thereof) may be made from those proceeds during periods of abatement. See “SECURITY FOR THE BONDS – Abatement” and “BOND OWNERS’ RISKS.”

Additional Bonds. The Indenture permits the Authority, by supplemental indenture, to establish one or more other issues of additional bonds (“**Additional Bonds**”) secured by a pledge of and payable from Revenues on a parity with the 2026 Bonds, subject to certain conditions set forth in the Indenture. See “SECURITY FOR THE BONDS – Additional Bonds.” The 2026 Bonds and any Additional Bonds are referred to in this Official Statement collectively as the “**Bonds**.”

Legal Opinion. Upon delivery of the 2026 Bonds, Jones Hall LLP, San Mateo, California, Bond Counsel (“**Bond Counsel**”) will release its final approving legal opinion with respect to the 2026 Bonds, regarding the validity and tax-exempt status of the 2026 Bonds, in the form attached hereto as APPENDIX D.

Risks of Investment. Debt service on the 2026 Bonds is payable only from Lease Payments and other amounts payable by the City to the Authority under the Lease Agreement. For a discussion of some of the risks associated with the purchase of the 2026 Bonds, see “BOND OWNERS’ RISKS.”

NONE OF THE BONDS, THE OBLIGATION OF THE AUTHORITY TO PAY PRINCIPAL OF OR INTEREST THEREON, OR THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS, CONSTITUTE A DEBT OR A LIABILITY OF THE AUTHORITY, THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL LIMITATION ON INDEBTEDNESS, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY. THE BONDS ARE SECURED SOLELY BY THE PLEDGE OF REVENUES AND CERTAIN FUNDS HELD UNDER THE INDENTURE. THE BONDS ARE NOT SECURED BY A PLEDGE OF THE TAXING POWER OF THE CITY.

FINANCING PLAN

The Project

A portion of the proceeds of the 2026 Bonds will be used primarily to finance the acquisition and construction of a new City public safety building (the “**Public Safety Building**”) and demolition of the existing City police department and fire department headquarters (the “**Police and Fire Administration Building**” and, collectively, the “**Project**”). The Public Safety Building will be constructed adjacent to the Police and Fire Administration Building on a larger site owned by the City.

The proposed Public Safety Building is anticipated to consist of a 3-story building containing approximately 75,000 square feet located at 1000 Villa Street, at the corner of Villa Street and Franklin Street, and to include space for Police Department operations, Emergency Dispatch, the Fire Department operations, and the Emergency Operations Center.

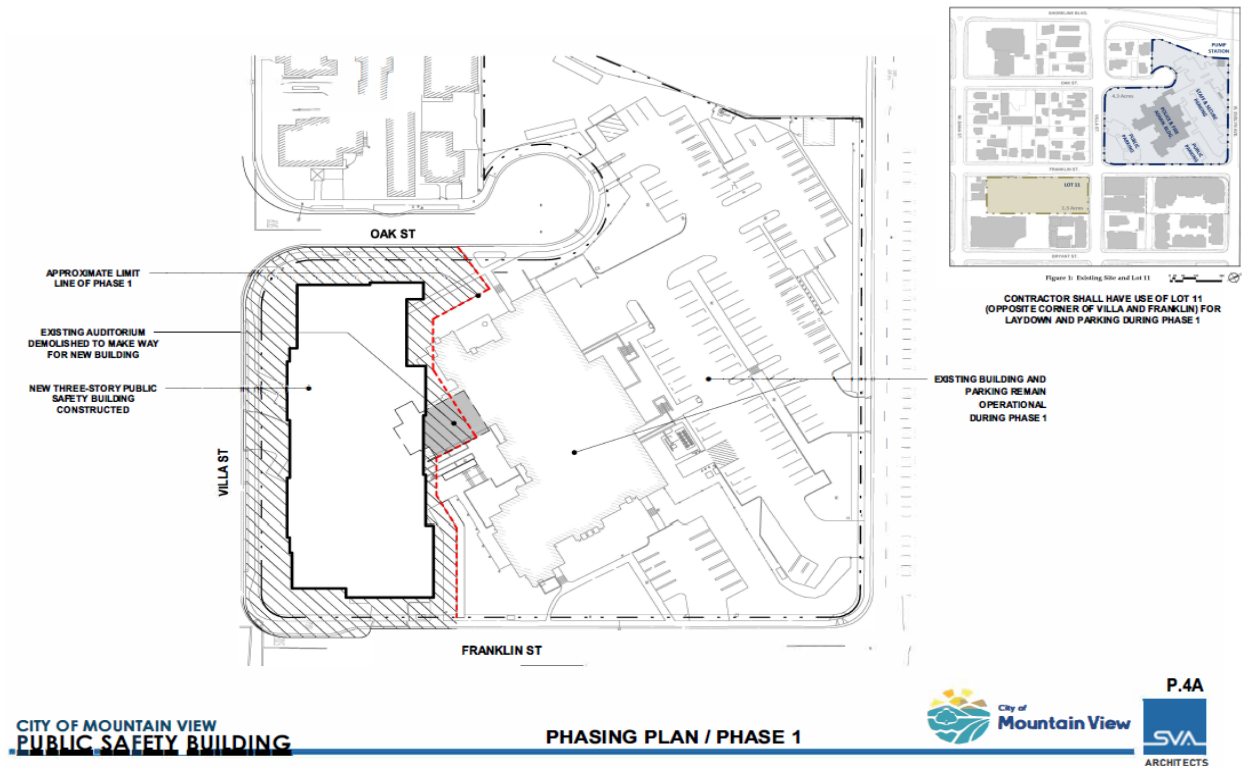
The City currently anticipates that the Project will commence with the partial demolition of the existing Police and Fire Administration Building, followed by construction of the Public Safety Building, and ending with the final demolition of the Police and Fire Administration Building and redevelopment of the balance of the Project Site with secure staff parking, public parking, and a public events space.

The Project is expected to commence in July 2026, and be completed in late 2030.

The total cost of the Project is currently anticipated to be approximately \$189 million, which the City plans to pay in part with a portion of the proceeds of the 2026 Bonds and in part with City reserves and other sources of funding.

A diagram of the Project is shown on the following page.

PROJECT DIAGRAM



Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2026 Bonds are as follows:

Sources of Funds:

Principal Amount of 2026 Bonds	\$
Plus: Net Original Issue Premium	
<i>TOTAL SOURCES</i>	\$

Uses of Funds:

Deposit to Project Fund	\$
Deposit to Costs of Issuance Fund ⁽¹⁾	
Underwriters' Discount	
<i>TOTAL USES</i>	\$

(1) Represents funds to be used to pay Costs of Issuance, which include legal fees, printing costs, rating agency fees, and other costs of issuing the 2026 Bonds.

THE LEASED PROPERTY

Description and Location

Lease Payments will be made by the City under the Lease Agreement for the use and occupancy of the real property and improvements constituting the Leased Property, which initially consists of (i) the parcel containing the existing Police and Fire Administration Building and future site of the Public Safety Building (the “**Project Site**”) and the improvements thereon, and (ii) the “**Civic Center Complex**,” as further described below.

- The Project Site consists of approximately 4.3 acres bordered by Villa Street, Franklin Street and West Evelyn Avenue in the downtown area of the City. The Project Site is improved with the existing Police and Fire Administration Building, which is a 2-story structure containing approximately 44,000 square feet originally constructed in 1980, and housing the headquarters for both the police and fire departments. The Public Safety Building is intended, upon completion, to replace the Police and Fire Administration Building. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and demolish the existing Police and Fire Administration building on the Project Site.

- The Civic Center Complex consists of approximately 7.83 acres located between Castro Street, Mercy Street, Franklin Street and Church Street in the downtown area of the City. The Civic Center Complex includes:

- City Hall, a 3-story building containing approximately 97,000 square feet originally constructed in 1990,

- the Public Library, a 2-story building containing approximately 93,000 square feet originally constructed in 1999,

- the Center for the Performing Arts, a 3-story building containing approximately 46,000 square feet and two stages, and

- the Civic Center Parking Garage, an underground public parking garage with 224 parking spaces.

The Civic Center Complex is subject to two unrecorded leases and one unrecorded license agreement: (i) a lease of approximately 1,200 square feet in City Hall to Bean Scene Café expiring in 2027; (ii) a ground lease of a stand-alone building in Pioneer Park containing approximately 6,000 square feet to the Chamber of Commerce, with two five-year extensions that would extend the lease term to 2035; and (iii) one or more unrecorded facility license agreements as they may be executed from time to time for use of the Performing Arts Center. These arrangements are included as Permitted Encumbrances under the Lease Agreement.

The Civic Center Complex also contains Pioneer Memorial Park.

Based on 2024 insured values for the buildings and estimates of the land value, the City estimates that the structure and land values of the Police and Fire Administration Building and the four structures making up the Civic Center Complex are not less than the following:

	<u>Insured Value</u>	<u>Land Value</u>
Project Site		
Police and Fire Administration Building	\$16.9 million	\$34.0 million
Civic Center Complex		
City Hall	59.9 million	\$63.0 million
Public Library	43.2 million	--*
Center for Performing Arts	35.4 million	--*
Civic Center Parking Garage	14.2 million	--*
Total:	\$169.6 million	\$97.0 million

*All located on the Civic Center Complex.

The City has determined that the fair rental value of the Leased Property is equal to or greater than the annual Lease Payments to be paid by the City. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and, after completion of the Public Safety Building, demolish the existing Police and Fire Administration building on the Project Site. The City has determined that the real property and improvements constituting the existing Police and Fire Administration building will be substantially available for use and occupancy by the City during construction of the Public Safety Building, and that the real property and improvements constituting the Public Safety Building will be substantially available for use and occupancy by the City during demolition of the Police and Fire Administration building.

Following the completion and occupancy of the Public Safety Building, the Civic Center Complex is intended to be released from the Lease Agreement, leaving the Project Site (including the completed Public Safety Building) as the sole components of the Leased Property, subject to the conditions set forth in the Lease Agreement. As set forth below, under the Lease Agreement the City will have the right to release the Civic Center Complex from the Lease Agreement and the Site Lease, regardless of whether the existing Police and Fire Administration Building has been demolished. See “– Release of Civic Center Complex” below.

Modification of Leased Property

Under the Lease Agreement, the City has the right, at its own expense, to make additions, modifications and improvements to the Leased Property or any portion thereof. All additions, modifications and improvements to the Leased Property will thereafter comprise part of the Leased Property and become subject to the provisions of the Lease Agreement.

Such additions, modifications and improvements may not in any way damage the Leased Property, or cause the Leased Property to be used for purposes other than those authorized under the provisions of state and federal law; and the City must certify to the Trustee that the estimated value of the Leased Property, upon completion of any additions, modifications and improvements made thereto under this provision of the Lease Agreement, is at least equal to the aggregate Outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

The City will not permit any mechanic's or other lien to be established or remain against the Leased Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the City under this provision of the Lease Agreement; except that if any such lien is established and the City first notifies or causes to be notified the Authority of the City's intention to do so, the City may in good faith contest any lien filed or established against the Leased Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Authority with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Authority. The Authority will cooperate fully in any such contest, upon the request and at the expense of the City.

The Lease Agreement provides that the limitations on the modification of the Leased Property summarized above shall not apply to the construction of the Public Safety Building on the Project Site or demolition of the Police and Fire Administration Building on the Project Site.

Substitution of Leased Property

Under the Lease Agreement, the City has the option at any time and from time to time, to substitute other real property (the "**Substitute Property**") for the Leased Property or any portion thereof (the "**Former Property**"), upon satisfaction of all of the requirements set forth in the Lease Agreement, which include (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Substitute Property and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate under the Lease Agreement in the Substitute Property, subject only to Permitted Encumbrances (as defined in the Lease Agreement), together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) if applicable, a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed substitution will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the substitution, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.
- The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.
- The City has filed with the Authority and the Trustee a written certificate of the City or other written evidencing stating that the useful life of the Substitute Property at least extends to May 1, 2056, that the estimated value of the Leased Property,

after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this provision of the Lease Agreement.

Release of Leased Property

General. Under the Lease Agreement, the City has the option at any time and from time to time to release any portion of the Leased Property from the Lease Agreement (the “**Released Property**”) provided that the City has satisfied all of the requirements under the Lease Agreement that are conditions precedent to such release, which include (among others) the following:

- The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the County Recorder, sufficient memorialization of an amendment of the Lease Agreement, Site Lease and Assignment Agreement which removes the Released Property from the Lease Agreement, Site Lease and Assignment Agreement.
- The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable thereunder.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release.

Release of Civic Center Complex. Notwithstanding any other provision of the Lease Agreement, including the provisions described in “-General” above, upon Final Completion of the Public Safety Building, the City will have the absolute right to make the Public Safety Building and its related site the Leased Property subject to the Lease Agreement and the Site Lease, and to release the Civic Center Complex from the Lease Agreement and the Site Lease without meeting the conditions set forth above.

The City will effectuate such release by (1) certifying, in a certificate of completion provided to the Trustee, that the Final Completion of the Public Safety Building has occurred and the fair

rental value of the Public Safety Building and its related site is at least equal to the Lease Payments, (2) causing a certificate of the City to be delivered to the Trustee evidencing that the insurance policies required by this Lease Agreement are in full force and effect with respect to the Public Safety Building and (3) causing a notice of release of the Leased Property to be recorded in the real property records of the County.

Subsequent to the execution and recordation of such notice of release of the Leased Property, subject to any future authorized substitution, release or addition of the Leased Property pursuant to the Lease Agreement, references to the Leased Property therein will be deemed to refer to the Public Safety Building and the related site, and will not be deemed to refer to the Civic Center Complex so released.

For the avoidance of doubt, under the Lease Agreement the City will have the right to release the Civic Center Complex from this Lease Agreement and the Site Lease, regardless of whether the existing Police and Fire Administration Building has been demolished.

Addition of Property

Under the Lease Agreement, the City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased under the Lease Agreement.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements will apply, among others:

- The City certifies in writing to the Authority and the Trustee that
 - (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City,
 - (ii) the useful life of the Addition at least extends to the last day that precedes the final maturity of the Additional Bonds,
 - (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate outstanding principal amount of the Bonds, and
 - (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.

For the purposes of the certification described in clause (iv) above, the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with the Indenture.

- The City delivers to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment to the Lease Agreement has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.
- The City causes to be recorded in the Office of the County Recorder sufficient memorialization of an amendment of the Lease Agreement that adds the legal description of the Addition, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- The City delivers to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds insuring the City's leasehold interest in the Addition to the Leased Property under the Lease Agreement, together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed Addition will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the Addition, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

See APPENDIX B.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

THE 2026 BONDS

This section provides summaries of the 2026 Bonds and certain provisions of the Indenture. See APPENDIX B for a more complete summary of the Indenture. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Authority for Issuance

The 2026 Bonds are being issued under the Law, the Authority Resolution (which was adopted by the Board of the Authority on April 28, 2026), the City Resolution (which was adopted by the City Council on April 28, 2026), and the Indenture. Under the Authority Resolution and the City Resolution, the 2026 Bonds may be issued in a principal amount not to exceed \$140,000,000.

General Provisions

Bond Terms. The 2026 Bonds will be dated their date of delivery and issued in fully registered form without coupons in integral multiples of \$5,000, so long as no 2026 Bond has more than one maturity date.

The 2026 Bonds will mature on May 1 in each of the years and in the amounts, and bear interest at the rates, set forth on the inside cover page of this Official Statement.

Calculation of Interest. Interest on the 2026 Bonds will be payable on May 1 and November 1 in each year, commencing November 1, 2026 (each an “**Interest Payment Date**”).

Interest on the 2026 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

- (a) a 2026 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,
- (b) a 2026 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or
- (c) interest on any 2026 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest with respect to the 2026 Bonds will be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Record Date. Under the Indenture, “**Record Date**” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

Payments of Principal and Interest. Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the 2026 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any 2026 Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such 2026 Bond is

registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the 2026 Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the 2026 Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of 2026 Bonds in an aggregate principal amount of at least \$1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such 2026 Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which will remain in effect until rescinded in writing by the Owner.

The Trustee will pay principal of the 2026 Bonds (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

While the 2026 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to the 2026 Bonds will be paid by the Trustee to DTC for subsequent disbursement to beneficial owners of the 2026 Bonds. See “– Book-Entry Only System” below.

Redemption*

Optional Redemption. The 2026 Bonds maturing on or before May 1, 20__, are not subject to optional redemption prior to their stated maturity. The 2026 Bonds maturing on or after May 1, 20__, are subject to redemption, as a whole or in part at the election of the Authority among maturities on such basis as designated by the Authority and by lot within a maturity, at the option of the Authority, on _____ 1, 20__, and on any date thereafter, at a redemption price equal to 100% of the principal amount of 2026 Bonds to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium.

Special Mandatory Redemption From Insurance or Condemnation Proceeds. The 2026 Bonds are subject to redemption as a whole, or in part on a pro rata basis among maturities, on any date, from any Net Proceeds required to be used for such purpose as provided in the Indenture, at a redemption price equal to 100% of the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Term Bonds are subject to mandatory redemption in whole, or in part by lot, from sinking fund payments made under the Indenture, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on May 1 in the years as set forth in the following tables:

* Preliminary; subject to change.

Term Bonds Maturing May 1, 20

Sinking Fund Redemption Date (May 1)	Principal Amount To Be Redeemed

Term Bonds Maturing May 1, 20

Sinking Fund Redemption Date (May 1)	Principal Amount To Be Redeemed

However, if some but not all of the Term Bonds have been redeemed through an optional redemption or special mandatory redemption from insurance or condemnation proceeds, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis as determined by the Authority, which shall notify the Trustee in writing of such determination.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2026 Bonds of a single maturity, the Trustee will select the 2026 Bonds of that maturity to be redeemed by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, the Trustee will treat each 2026 Bond as consisting of separate \$5,000 portions and each such portion will be subject to redemption as if such portion were a separate 2026 Bond.

Whenever less than all of the outstanding 2026 Bonds of more than one series are called for redemption at any one time, the Trustee will select the outstanding 2026 Bonds or portions thereof to be redeemed as directed by the Authority.

Notice of Redemption. The Trustee will mail notice of redemption of the 2026 Bonds by first class mail, postage prepaid, not less than 20 nor more than 60 days before any redemption date, to the respective Owners of any 2026 Bonds designated for redemption at their addresses appearing on the Registration Books and to one or more Securities Depositories and to the Municipal Securities Rulemaking Board.

Neither the failure to receive any notice nor any defect therein will affect the sufficiency of the proceedings for such redemption or the cessation of accrual of interest from and after the redemption date.

Conditional Redemption Notices; Rescission of Redemption. Redemption notices may be conditional. The Authority has the right to rescind any notice of optional redemption of the 2026 Bonds by written notice to the Trustee on or prior to the date fixed for redemption.

Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2026 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture.

The Authority and the Trustee have no liability to the Owners of the 2026 Bonds or any other party related to or arising from such rescission of redemption. The Trustee will mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Indenture.

Partial Redemption of 2026 Bonds. Upon surrender of any 2026 Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2026 Bond or 2026 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2026 Bonds surrendered.

Effect of Redemption. If notice of redemption has been duly given as provided in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, including any applicable premium, the 2026 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2026 Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2026 Bonds so called for redemption will cease to accrue, said 2026 Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2026 Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof.

Book-Entry Only System

The 2026 Bonds will be issued as fully registered bonds in book-entry only form, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple of \$5,000, under the book-entry system maintained by DTC. While the 2026 Bonds are subject to the book-entry system, the principal, interest and any redemption premium with respect to a 2026 Bond will be paid by the Trustee to DTC, which in turn is obligated to remit such payment to its DTC Participants for subsequent disbursement to Beneficial Owners of the 2026 Bonds. Purchasers of the 2026 Bonds will not receive certificates representing their interests therein, which will be held at DTC.

See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM” for further information regarding DTC and the book-entry system.

Transfer, Registration and Exchange

The following provisions regarding the exchange and transfer of the 2026 Bonds apply only during any period in which the 2026 Bonds are not subject to DTC’s book-entry system. While the 2026 Bonds are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Bond Register. 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 2026 Bonds, which will upon

reasonable notice as agreed to by the Trustee, be open to inspection during regular business hours by the Authority; 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 2026 Bonds as provided in the Indenture.

Transfer of Bonds. Any 2026 Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such 2026 Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee will require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any 2026 Bond is or 2026 Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver to the transferee a new 2026 Bond or 2026 Bonds of like series, interest rate, maturity and aggregate principal amount. The Authority will pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of 2026 Bonds.

Prior to any transfer of the 2026 Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor will provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee will conclusively rely on the information provided to it and have no responsibility to verify or ensure the accuracy of such information.

Exchange of Bonds. The 2026 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of 2026 Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee will require the Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The Authority will pay the cost of printing 2026 Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of 2026 Bonds.

Limitations on Transfer and Exchange. The Trustee may refuse to transfer or exchange, under these provisions of the Indenture, any 2026 Bonds selected by the Trustee for redemption under the Indenture, or any 2026 Bonds during the period established by the Trustee for the selection of 2026 Bonds for redemption.

DEBT SERVICE SCHEDULE

The table below shows scheduled annual debt service payments on the 2026 Bonds, assuming no optional redemption or special mandatory redemption from insurance or condemnation proceeds before maturity, which are equal to scheduled Lease Payments.

Year Ending May 1	2026 Bonds Principal	2026 Bonds Interest	Total Debt Service
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
Total:			

SECURITY FOR THE BONDS

The principal of and interest on the Bonds are not a debt of the Authority or the City, nor a legal or equitable pledge, charge, lien or encumbrance, upon any of their respective property, or upon any of their income, receipts, or revenues except the Revenues and other amounts pledged under the Indenture.

This section provides summaries of the security for the Bonds and certain provisions of the Indenture, the Lease Agreement and the Site Lease. See APPENDIX B for a more complete summary of the Indenture, the Lease Agreement and the Site Lease. Capitalized terms used but not defined in this section have the meanings given in APPENDIX B.

Revenues; Pledge of Revenues

Pledge of Revenues and Other Amounts. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Revenues and all amounts held in any fund or account established under the Indenture (except the Project Fund, the Costs of Issuance Fund and such other funds and accounts specified in a Supplemental Indenture) are pledged to secure the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds in accordance with their terms and the provisions of the Indenture.

This pledge constitutes a lien on and security interest in the Revenues and such amounts and will attach, be perfected and be valid and binding from and after the Closing Date, without the need for any physical delivery thereof or further act.

Definition of Revenues. “Revenues” are defined in the Indenture as follows:

(a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments and any late charges paid from any source), but excluding any Additional Rental Payments (consisting of certain administrative costs due to the Authority and the Trustee under the Lease Agreement), and

(b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

Assignment to Trustee. Under the Assignment Agreement, the Authority has transferred to the Trustee all of the rights of the Authority in the Lease Agreement (other than the rights of the Authority under the provisions of the Lease Agreement regarding Additional Rental Payments, advances, release and indemnification covenants, and agreement to pay attorneys’ fees).

The Trustee is entitled to collect and receive all of the Revenues, and any Revenues collected or received by the Authority will be deemed to be held, and to have been collected or received, by the Authority as the agent of the Trustee and will forthwith be paid by the Authority to the Trustee.

The Trustee is also entitled to and required to, subject to the provisions of the Indenture regarding rights of the Trustee, take all steps, actions and proceedings which the Trustee

determines to be reasonably necessary in its judgment to enforce, either jointly with the Authority or separately, all of the rights of the Authority and all of the obligations of the City under the Lease Agreement.

Allocation of Revenues by Trustee; Application of Funds

Deposit of Revenues in Bond Fund. All Revenues will be promptly deposited by the Trustee upon receipt thereof in a special fund designated as the “**Bond Fund**” which the Trustee will establish, maintain and hold in trust; except that all moneys received by the Trustee and required under the Indenture or under the Lease Agreement to be deposited in the Redemption Fund or the Insurance and Condemnation Fund will be promptly deposited in such funds.

All Revenues deposited with the Trustee will be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture.

Any surplus remaining in the Bond Fund, after payment in full of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on the Bonds or provision is made therefor under the Indenture, and any applicable fees and expenses to the Trustee, will be withdrawn by the Trustee and remitted to the City.

Allocation of Revenues. On or before each Interest Payment Date, the Trustee will transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

(a) Deposit to Interest Account. The Trustee will deposit in the Interest Account an amount 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 Interest Payment Date on all Bonds then Outstanding.

(b) Deposit to Principal Account. The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit in the Principal Account to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds coming due and payable on such Interest Payment Date.

Lease Payments; Covenant to Appropriate

Obligation to Pay. Under the Lease Agreement, subject to the provisions of the Lease Agreement regarding abatement and prepayment, the City agrees to pay to the Authority, its successors and assigns, the Lease Payments in the amounts specified in the Lease Agreement, to be due and payable in immediately available funds on the Interest Payment Date immediately following each Lease Payment Date specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds), and to be deposited by the City with the Trustee on the Lease Payment Dates specified in the Lease Agreement (as it may be amended in connection with the issuance of Additional Bonds).

Any amount held in the Bond Fund, the Interest Account and the Principal Account on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole under the Lease Agreement, and amounts required for payment of past due principal or interest on any Bonds not presented for payment) will be credited towards the

Lease Payment then required to be paid under the Lease Agreement. The City is not required to deposit any Lease Payment with the Trustee on any Lease Payment Date if the amounts then held in the Bond Fund, the Interest Account and the Principal Account are at least equal to the Lease Payment then required to be deposited with the Trustee under the Lease Agreement.

The Lease Payments payable in any Rental Period are for the use of the Leased Property during that Rental Period.

Fair Rental Value. The aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period constitute the total rental for the Leased Property for such Rental Period, and are payable by the City in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of, the Leased Property during each Rental Period.

The City and the Authority have agreed and determined that the total Lease Payments represent the fair rental value of the Leased Property. In making that determination, consideration has been given to the estimated value of the Leased Property, other obligations of the City and the Authority under the Lease Agreement, the uses and purposes which may be served by the Leased Property and the benefits therefrom which will accrue to the City and the general public.

Source of Payments; Covenant to Budget and Appropriate. Under the Lease Agreement, the Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement regarding abatement. See “ – Abatement” below.

The City covenants in the Lease Agreement to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. This covenant of the City constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements agreed to be carried out and performed by the City under the Lease Agreement.

Limited Obligation

THE OBLIGATION OF THE CITY TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE AUTHORITY OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Abatement

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement will continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the City and Authority waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. Under the Lease Agreement, the Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain as described above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof.

The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. Such abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction.

In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated under the Lease Agreement, it being declared that such proceeds and amounts constitute a special fund for the payment of the Lease Payments.

Abatement Due to Non-Completion of the Project. The Leased Property initially consists of the Project Site and related improvements and the Civic Center Complex. During the term of the Lease Agreement, the City will construct the Public Safety Building on the Project Site and demolish the existing Police and Fire Administration Building on the Project Site.

The City has determined under the City Resolution that the City will have substantial use and occupancy of the Leased Property during construction of the Public Safety Building and demolition of the existing Police and Fire Administration building. In addition, the City expects the Civic Center Complex to be components of the Leased Property until the Public Safety Building is completed. Consequently, the City does not expect the Lease Payments to be abated pursuant to this provision of the Lease.

Additional Bonds

Under the Indenture, the Authority may, by Supplemental Indenture, establish one or more other issues of Additional Bonds secured by a pledge of and payable from Revenues on a parity with the 2026 Bonds, and may issue and deliver such Additional Bonds in such principal amount as shall be determined by the Authority, but only upon compliance by the Authority with the provisions of the Indenture, and subject to the following specific conditions which are conditions precedent to the issuance of such Additional Bonds:

(a) Such Additional Bonds must be authorized to finance capital improvements for the City, or to refund bonds previously issued to finance such capital improvements, and the issuance thereof must be determined and declared by the Authority, in a Supplemental Indenture, to be necessary for that purpose.

(b) The Authority and the City must be in compliance with all covenants and undertakings set forth in the Indenture and in the Lease Agreement and the Site Lease.

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

(d) Such Additional Bonds must be equally and ratably secured by the Revenues with the 2026 Bonds authorized under the Indenture.

(e) The Authority must enter into an amendment to the Lease Agreement, in and by which the City obligates itself in the manner provided in the Lease Agreement to make Lease Payments for the lease of the Leased Property at the times and in the amounts sufficient to provide for the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest on such Additional Bonds as such principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest become due and to make all other payments in the manner provided in the Lease Agreement, and the City must certify in writing that such Lease Payments, as amended, in any Rental Period will not exceed the fair rental value of the Leased Property.

(f) If necessary to ensure that the Lease Payments payable after the issuance of Additional Bonds do not exceed the fair rental value of the Leased Property in any Rental Period, the Authority and the City must amend the Lease Agreement pursuant to the terms thereof to add additional property to the Leased Property.

(g) If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a separate account (the “**Capitalized Interest Account**”) in the Interest Account, or a subaccount therein, an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period.

See APPENDIX B for a summary of the proceedings required for the issuance of Additional Bonds under the Indenture.

No Reserve Fund

No debt service reserve fund has been established with respect to the 2026 Bonds. See “BOND OWNERS’ RISKS – No Debt Service Reserve Fund.”

Property Insurance

Liability and Property Damage Insurance. Under the Lease Agreement, the City is required to maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property.

Such policy or policies must provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, subject to the provisions of the Lease Agreement, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which such proceeds were paid.

Property Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, property insurance against loss or damage to all buildings situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the aggregate of the replacement value of each insured improvement considered separately, or (b) 100% of the aggregate principal amount of the Outstanding Bonds.

Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at commercially reasonable cost from reputable insurers in the judgment of the City.

Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance must be applied as provided in the Lease Agreement and described below.

Rental Interruption Insurance. Under the Lease Agreement, the City is required to procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the property insurance described above, in an amount at least equal to the maximum Lease Payments coming due and payable during any consecutive two Fiscal Years.

Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the

participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance.

The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied to the redemption of Bonds as set forth in the Indenture.

Remedies on Default

Under the Lease Agreement, upon the occurrence and continuance of any Event of Default, the Authority may exercise the remedies set forth in the Lease Agreement, which include (a) enforcement of the Lease Payments without termination of the Lease Agreement, (b) termination of the Lease Agreement and re-leasing the Leased Property, and (c) taking whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the Lease Agreement or to enforce any other of its rights under the Lease Agreement. Under the Assignment Agreement, such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture. Neither the Authority nor the Trustee may accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. See APPENDIX B.

CITY FINANCIAL INFORMATION

General

The City was incorporated on November 7, 1902. The City Charter was originally approved by voters in 1952 and requires the City to operate under a Council-Manager form of government. Seven Councilmembers are elected at large for four-year terms that are staggered, so three or four seats are filled at the general municipal election in November of every even-numbered year. Continuous service on the City Council is limited to two consecutive terms. Each year, in January, Council elects one of its members as Mayor and another as Vice Mayor.

With a population of approximately 86,535 and occupying just over 12.2 square miles, the City is situated in Silicon Valley, about 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose.

The City provides the following full range of municipal services, including:

- General government (city management, legal, human resources, information technology, and financial activities);
- Public safety (police and fire services);
- Public works (engineering, design, and utility maintenance);
- Community development (land use, development review, inspections, and affordable housing); and
- Culture and recreation (library, parks, recreation, performing arts, and golf course).

The City also provides water, wastewater, and solid waste utility enterprise activities.

Certain demographic information concerning the City is included in APPENDIX A.

Management

Kimbra McCarthy, City Manager. Kimbra McCarthy began her tenure as City Manager in March 2020, reporting directly to the City Council and leading an organization of more than 700 employees.

Prior to her appointment as City Manager, Kimbra worked for the City of Redwood City from 2016 to 2020, where she served as the Assistant City Manager, leading the administrative services department and working on citywide policy initiatives. Kimbra returned to Mountain View after serving as its Deputy City Manager from 2014 to 2016. Kimbra also held leadership roles at the County of Santa Barbara in the County Executive Office and the District Attorney's Office. Prior to entering government service, Kimbra worked in the legal field.

Kimbra has a Juris Doctorate from Washburn University School of Law, a Masters of Law in European Law from the University of Limerick, Ireland, and a Bachelor of Arts in Political Science from Washburn University. Kimbra is a member of the Next Gen Silicon Valley committee, helping to develop the next generation of public sector leaders, and has served as President of the Santa Clara County City Managers Association.

Jennifer Logue, City Attorney. Jennifer Logue began her tenure as City Attorney in April 2022, reporting directly to the City Council and leading a team of five attorneys who provide legal

advice, support and representation to all City officials, departments, and employees and two code enforcement officers responsible for enforcing City Code provisions.

Prior to her appointment as City Attorney for the City, Jennifer served as the supervising attorney in the General Government & Finance Unit of the Oakland City Attorney's Office where she led a team of four senior attorneys who advised on legal issues in a wide variety of practice areas including municipal finance, public contracting, public works, community services, elections, and information technology. Jennifer also served as chief counsel to the Oakland Police and Fire Retirement System. Jennifer has over 10 years of experience litigating in state and federal trial courts and courts of appeal on behalf of public entities and served as a staff attorney to United States Court of Appeals for the Ninth Circuit from 2001-2006.

Jennifer received her J.D. from Georgetown University Law Center and is licensed to practice law in California, Maryland, and the District of Columbia. Jennifer received a B.A. in Psychology from Whittier College, in Whittier, California.

Arn Andrews, Assistant City Manager. Arn Andrews began his tenure as Assistant City Manager in February 2023, reporting directly to the City Manager with oversight of the Information Technology, Human Resources, and Finance and Administrative Services Departments.

Prior to his appointment, Arn served as the Assistant Town Manager for the Town of Los Gatos (2017-2023) and multiple financial roles for the City of San Jose (2007-2017) including Assistant Finance Director and Chief Investment Officer. Arn began his career in the private sector as a professional equity options trader. During that time he held floor memberships and positions on the American Stock Exchange, Chicago Board Options Exchange, Philadelphia Stock Exchange and the New York Options Exchange NYSE (1987-2003).

Arn earned a Bachelor of Arts degree in business administration from Adelphi University of Garden City, New York and a Masters in Public Administration from New Mexico State University. In addition, Arn is currently an At Large Board member for Cal-ICMA.

Derek Rampone, Finance and Administrative Services Director. Derek Rampone began his tenure as the Finance and Administrative Services Director in January 2023, reporting directly to the Assistant City Manager.

Prior to his appointment, Derek held the roles of Assistant Director of Administrative Services and Financial Services Manager for the City of Redwood City from 2016 to 2023. Derek began his career in the private sector as Audit Manager, Senior Accountant, and Staff Accountant, for Moss, Levy & Hartzheim, LLP (2000-2016). Between public and private sector experience Derek has over 26 years of accounting and finance experience, including extensive experience auditing California municipalities and leading the finance and administrative services departments of two Bay Area cities.

Derek holds a Bachelor of Arts in Business Economics with an emphasis in Accounting, University of California at Santa Barbara. In addition, Derek is currently the Chair of the Peninsula Chapter of the California Society of Municipal Finance Officers.

Budget Process

The City Council is required by the City Charter to adopt a budget by June 30 to be in effect for the ensuing Fiscal Year, which begins July 1. Budgets are approved at the fund and

department level (legal level of control) and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments or capital projects must be submitted to the City Council for approval. The City Charter requires approval by five votes of the seven-member City Council to amend the budget.

In accordance with the City's Financial and Budgetary Policy, the adopted City budget serves as the annual financial plan for the City. This financial plan includes the goals and objectives set by the City Council and the level of services determined by the City Council. A structurally balanced General Fund budget is adopted annually, whereby recurring operating expenditures may not exceed recurring operating revenues. A mid-year budget status report is presented to the City Council annually. The recommended budget is prepared by City staff and submitted to the City Council prior to the budget hearing each Fiscal Year. The Finance and Administrative Services Director has authority to make minor corrections in compiling the adopted Budget. The City Manager or their designee has discretion for budget adjustments within a fund and a department's operating budget. All budget adjustments between funds or departments must be submitted to the City Council for approval.

The City's Fiscal Year runs from July 1 to June 30. The proposed Fiscal Year 2026-27 budget is scheduled to be released on May 29, 2026. A public hearing is anticipated to be held on or about June 9, 2026, where the City Council will review and consider the proposed operating budget prepared by City staff. It is anticipated that the City Council will review and adopt the budget on or about June 23, 2026.

General Fund Budgets

General. The following table provides the adopted Fiscal Year 2024-25 General Fund budget comparisons, plus the adopted General Fund budget for Fiscal Year 2025-26. See "– General Fund Budget Summary" for a further discussion of the budget variances and actual results shown in the following table.

Table 1
General Fund
Fiscal Year 2024-25 Budget Comparison
(\$000s)

	Adopted Budget 2024-25	Final Adjusted Budget 2024-25	Actual 2024-25	Variance with Final Adjusted Budget 2024-25	Adopted Budget 2025-26
Revenues					
Property taxes [1]	\$78,063	\$79,616	\$89,770	\$10,154	\$84,168
Sales taxes	24,478	21,487	21,177	(310)	22,843
Other taxes	23,676	24,948	29,435	4,487	40,114
Licenses, permits and fees	10,600	10,600	10,840	240	11,687
Fines and forfeitures	457	457	746	289	457
Use of money and property	33,148	33,148	54,964	21,816	35,716
Intergovernmental	727	1,104	1,414	310	751
Charges for services	20,466	20,466	22,942	2,476	23,491
Developer fees and contributions	586	586	494	(92)	
Other	2,206	3,553	5,088	1,535	2,203
Total Revenues	194,407	195,965	236,870	40,905	221,430
Expenditures					
Current					
General Government					
City council	549	582	380	202	524
City clerk	1,511	1,512	1,333	179	1,414
City attorney	3,901	4,166	3,239	927	4,348
City manager	16,334	17,693	8,329	9,364	15,198
Human resources	5,948	8,190	7,194	996	5,957
Information technology	9,365	9,568	7,395	2,173	10,092
Finance and administrative services	13,890	14,182	12,493	1,689	15,860
Public Safety					
Fire	38,040	39,337	37,305	2,032	39,452
Police	55,187	55,924	52,688	3,236	58,092
Public Works	27,750	29,945	23,466	6,479	28,677
Community Development					
Community Development	15,985	16,237	12,638	3,599	19,470
Housing	735	771	741	30	537
Culture and Recreation					
Community Services	25,219	25,755	23,155	2,600	26,763
Library Services	8,564	9,052	7,888	1,164	8,822
Capital outlay	271	731	5,960	(5,229)	682
Debt Service					
Principal	--	--	1,433	(1,433)	--
Interest and fiscal charges	--	--	239	(239)	--
Total Expenditures	223,249	233,645	205,876	27,769	235,888
Revenues Over (Under) Expenditures	(28,842)	(37,680)	30,994	68,674	(14,458)
Other Financing Sources					
Transfers in	1,770	4,670	8,837	4,167	1,997
Transfers out [2]	(8,946)	(18,086)	(18,087)	(1)	(23,769)
Proceeds from long-term debt	--	--	5,407	5,407	135,000
Other Financing Sources (Uses)	(7,176)	(13,416)	(3,843)	9,573	113,228
Total					
Net Change in Fund Balance	(\$36,018)	(\$51,096)	\$27,151	\$78,247	\$98,770

Footnotes follow on next page.

[1] Budgeted amounts exclude anticipated ERAF revenues.

[2] Transfers out of \$18,087 in Fiscal Year 2024-25 primarily represent \$16,029 to the Capital Project Fund, \$617 to the Housing Fund, and \$1,441 to the Internal Service Fund. Transfers out of \$23,769 in the Fiscal Year 2025-26 budget primarily represent \$6,633 to the Capital Project Fund, \$2,468 to the Housing Fund, \$8,816 to Public Safety Debt, and \$5,745 to Land Use Document Fee Fund,
Source: City of Mountain View.

General Fund Budget Summary

Fiscal Year 2024-25 Actual Results. General Fund differences between the original Fiscal Year 2024-25 budget and the final amended budget resulted in an increase of approximately \$1.6 million in budgeted revenue and a \$10.4 million increase in expenditure appropriations. Increases in budgeted revenue consisted of \$1.6 million in property taxes, \$1.3 million in other revenues, \$1.3 million in other taxes (primarily Transient Occupancy Tax), and \$0.4 million in intergovernmental revenue (grants), partially offset by a decrease of \$3.0 million in sales taxes. Approximately \$8.2 million of the adjustment in expenditure appropriations is related to prior-year encumbrances that carry forward at the beginning of the Fiscal Year as specified in the City Charter. An additional \$1.8 million of appropriations was established for the payment of compensated absences. The balance of adjustments were made at midyear for various operational needs not anticipated at budget adoption and grants or reimbursements received during the Fiscal Year.

General Fund actual revenues were \$40.9 million or 20.9% higher than the final amended budget for the Fiscal Year. The positive variance is primarily due to the following revenues exceeding expectations:

- Investment and lease interest income—\$21.8 million higher (primarily due to noncash mark-to-market accounting adjustments for unrealized portfolio gains).
- Property tax revenues—\$10.2 million higher (driven largely by \$9.5 million in Excess Educational Revenue Augmentation Fund (“**Excess ERAF**”) property taxes).
- Other taxes—\$4.5 million higher (resulting from unbudgeted property transfer tax revenue of \$2.0 million and higher-than-expected utility user tax and transient occupancy tax revenues of \$1.1 million and \$0.9 million, respectively).
- Charges for services—\$2.5 million higher (primarily due to higher-than-expected administrative cost recovery related to capital projects of \$2.0 million).

The above increases were partially offset by decreases in Sales Taxes (\$0.3 million) and Developer Fees and Contributions (\$0.1 million).

Also contributing to the large variance is the City’s practice of analyzing and projecting revenues throughout the Fiscal Year but only adjusting the original revenue budgets of the City’s largest revenue sources when needed. In addition, the City does not generally budget for uncertain or one-time revenues, such as Excess ERAF and reimbursements, including adjusting the budget after receiving the revenue. Both of these practices can result in budgeted amounts that are much lower than actual amounts.

Actual expenditures for the General Fund were \$27.8 million lower than the final adjusted budget for the Fiscal Year. The variance is primarily attributable to continued salary and benefit savings resulting from vacant positions, as well as budgeted amounts for limited-period funding, one-time programs, and nondepartmental costs that were included in the final adjusted budget but were not fully expended during the Fiscal Year. As the City continues to accelerate recruitment for newly authorized recently vacated positions, actual salary and benefit expenditures are expected to more closely align with budgeted levels. Since vacancy savings are

not formally budgeted, but instead assumed as part of normal operations, these savings also contribute to the variance from budget.

As a result of higher-than-expected revenues and expenditure appropriations that were not fully expended, the General Fund realized a positive budget-to-actual variance of nearly \$78.2 million in Fiscal Year 2024-25, after including variances associated with transfers in/out.

Fiscal Year 2025-26 Adopted Budget. The City Council adopted the Fiscal Year 2025-26 Budget on June 24, 2025, which includes total General Fund revenues of \$221.4 million and total expenditures of \$235.9 million.

Adopted revenues for Fiscal Year 2025-26 are \$27.0 million, or 13.9%, higher than the Fiscal Year 2024-25 Adopted Budget. This increase is primarily attributable to a change in accounting treatment for conveyance tax revenues, which are now recorded within the General Fund rather than a separate Construction and Conveyance Tax Fund. This change, implemented in the latter part of Fiscal Year 2024-25, accounts for approximately \$14.5 million of the year-over-year increase. Property tax revenues are also projected to increase by \$6.1 million. Other revenue categories are generally budgeted to increase modestly, with the exception of sales tax and developer fees and contributions.

Adopted expenditures for Fiscal Year 2025-26 are \$12.6 million, or 5.7%, higher than the Fiscal Year 2024-25 Adopted Budget. The increase is primarily driven by personnel-related costs, reflecting the City's service-oriented operating model, in which a significant portion of General Fund expenditures is attributable to employee salaries and benefits required to deliver services.

A midyear budget status report was presented to the City Council on February 24, 2026, focusing primarily on the City's General Operating Fund (the "**GOF**"), the City's main operating fund. At that time, staff projected that the GOF would end Fiscal Year 2025-26 with an operating balance of approximately \$1.7 million.

On April 14, 2026, staff presented a Preliminary Review of the Fiscal Year 2026-27 Recommended Budget to the City Council, which included an updated projection for the Fiscal Year 2025-26 GOF. Based on this update, revenue estimates increased by approximately \$1.0 million, primarily due to higher-than-anticipated Transient Occupancy Taxes, Utility Users Tax, and miscellaneous reimbursements. These increases were partially offset by lower investment earnings and the reversal of an administrative overhead transfer from the Development Services Fund due to its lower fund balance.

In addition, a \$2.0 million transfer from the GOF to the Public Safety Building Reserve was incorporated into the updated projection, which was approved at the April 14, 2026 City Council meeting as a separate item. As a result, the projected GOF operating balance at June 30, 2026 is approximately \$1.5 million, compared to the \$1.7 million projected at midyear.

Long-Term Financial Planning

Long-term financial planning is a key component of the City's financial management practices and provides an outlook on the City's future financial condition by identifying potential long-term financial needs and structural imbalances. The City prepares an annual five-year financial forecast for its General Fund and, on a periodic basis, a Long-Range Financial Forecast that evaluates revenue and expenditure trends over a ten-year horizon.

As part of the Fiscal Year 2025-26 Adopted Budget, the City prepared a Five-Year Financial Forecast (the “**Forecast**”) covering Fiscal Years 2025-26 through 2029-30. The Forecast is intended to provide a framework for evaluating long-term financial trends, identifying potential fiscal challenges, and informing policy and budgetary decisions. While projections are subject to uncertainty due to the variability in key revenue sources and their sensitivity to regional, state, national, and global economic conditions, the Forecast provides a reasonable basis for assessing the City’s financial trajectory and supporting long-term fiscal sustainability.

The Forecast projects a modest positive operating balance for Fiscal Year 2025-26, followed by modest operating deficits in subsequent Fiscal Years. If realized, these projected imbalances may require future budgetary adjustments, including expenditure management, revenue enhancements, or the strategic use of available fund balance. The City maintains reserve policies intended to provide financial flexibility and to mitigate the effects of economic volatility. .

Following strong revenue performance in recent Fiscal Years, key City revenues have generally stabilized above pre-pandemic levels. However, current projections indicate a moderation in revenue growth in Fiscal Year 2025-26 and beyond. This outlook reflects ongoing uncertainty related to inflation, interest rates, national and state economic conditions and policies, and broader geopolitical factors. At the same time, expenditures are projected to grow at a faster pace than revenues, driven largely by increases in personnel and other operating costs. The City continues to monitor these trends and evaluate strategies to maintain long-term fiscal strength and stability.

Reserve Policies Summary

In accordance with the City’s Financial and Budgetary Policy, the City has established a number of reserves. The City Council has the authority to add or remove reserves as needed at their discretion. Reserves that affect the financial stability and credit worthiness of the City, such as the General Fund Reserve, will be maintained to the degree financial stability and credit worthiness are unaffected to the greatest extent possible. Existing City reserves in the General Fund include the following:

A five-year history of fund balance allocations in the General Fund is included in the balance sheet history shown below. See “– Financial Statements.”

General Fund Reserve. The General Fund Reserve is funded at a level between 20.0% and 25.0% of General Fund budgeted expenditures, net of budget savings, and is used: (1) for City Council-approved expenditures not appropriated during the annual budget process; (2) to cover unanticipated revenue shortfalls; (3) in situations of extreme physical or financial emergency (with the approval of the City Council); (4) to generate ongoing investment earnings; and (5) as a funding source for interfund loans and other loans or advances from the General Fund as approved by the City Council. Such loans and advances should accrue interest earnings for the General Fund and include principal repayment to the extent possible.

General Fund Budget Contingency Reserve. The General Fund Budget Contingency Reserve is used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by the City Council.

General Fund Transportation Reserve. The General Fund Transportation Reserve is used for the purpose of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.

General Fund Capital Improvement Reserve. The General Fund Capital Improvement Reserve, funded with a goal of a minimum balance of \$5,000,000, is used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent possible, General Fund carryovers remaining from the end of the Fiscal Year, not designated for other reserve purposes, may be applied to this Reserve.

General Fund Earned Lease Revenue Reserve. The General Fund Earned Lease Revenue Reserve is used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC ("**Google**"). Google prepaid \$30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, to fund one-time expenses of the City. See "– Other Taxes and Revenues – Significant Lease Arrangements" below.

General Fund Property Management Reserve. The General Fund Property Management Reserve is used to provide a source of funds for obligations which could arise from the City's leasing of property, including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.

State Budget and Its Impact on the City

General. Information about the Fiscal Year 2025-26 adopted State budget and other State budgets is regularly available at various State-maintained websites. An impartial analysis of the budget is posted by the Legislative Analyst Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets, may be found at the website of the State Treasurer, www.treasurer.ca.gov. *The information referred to in this paragraph is prepared by the respective State agency maintaining each website and not by the City or the Underwriters, and the City and the Underwriters take no responsibility for the continued accuracy of the Internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated in this Official Statement by these references.*

Future State Budgets. The City cannot predict what actions will be taken in future years by the State Legislature and the Governor to address a State budget deficit. Future State budgets will be affected by national and state economic conditions and other factors over which the City has no control. To the extent that the State budget process results in reduced revenues to the City, the City will be required to make adjustments to its budget.

Financial Statements

The City's audited financial statements are prepared in conformity with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and in compliance with Section 1106 of the City Charter. GASB Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis

of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues, except sales taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after Fiscal Year end. A ninety-day availability period is used for sales taxes in order to include the State of California final distribution of sales taxes revenue for the Fiscal Year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, landfill containment costs and compensated absences, which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and leases financing are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the Fiscal Year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the Fiscal Year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, sales taxes, certain intergovernmental revenues, transient occupancy taxes, utility user taxes, earned grant entitlements, special assessments due within the current Fiscal Year and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

The City's most recent audited financial statements are included in the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025, which is attached as APPENDIX C to this Official Statement. The financial statements were prepared by the City and audited by Badawi & Associates, CPAs, Berkeley, California (the "**Auditor**").

The Financial Statements should be read in their entirety. The City has neither requested nor obtained permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City or General Fund. In addition, the Auditor has not reviewed this Official Statement.

Set forth on the following pages are (i) a general fund balance sheet for Fiscal Years 2020-21 through 2024-25 and (ii) a statement of revenues, expenditures and changes in fund balances for the City's general fund for the same period.

Table 2
General Fund Balance Sheet
(\$000s)

	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>	<u>Audited</u> <u>2024-25</u>
<u>Assets:</u>					
Cash and investments	\$191,169	\$215,187	\$228,016	\$218,368	\$229,039
Restricted cash and investments	--	--	--	--	195
Receivables:					
Accounts	2,772	1,272	1,477	2,338	2,179
Taxes	4,267	5,435	6,903	6,808	7,222
Interest	928	1,054	1,485	1,425	1,791
Loans and notes	2,033	2,377	2,377	2,033	2,033
Leases [1]	--	794,487	777,815	768,060	740,875
Due from other funds	--	292	--	--	757
Inventory	748	767	667	642	3,777
Deposits and prepaid items	3,544	3,068	4,293	4,384	7,222
Total assets	205,461	1,023,939	1,023,033	1,004,058	987,868
<u>Liabilities:</u>					
Accounts payable	11,092	11,592	9,180	17,085	16,094
Refundable deposits	5,882	5,154	6,035	5,095	6,635
Unearned revenue	28,469	28,542	25,124	24,502	2,102
Advances from other funds	--	--	--	--	--
Total liabilities	45,443	45,288	40,339	46,682	24,831
<u>Deferred inflows of resources:</u>					
Deferred inflows - leases	--	781,366	746,114	718,722	697,232
<u>Fund Balance:</u>					
Nonspendable	4,292	835	1,960	7,059	6,567
Restricted	437	436	445	442	449
Committed	83,453	96,704	100,554	92,519	91,754
Assigned	4,044	5,920	6,479	5,293	4,899
Unassigned	67,792	93,390	127,142	133,341	162,136
Total fund balance	160,018	197,285	236,580	238,654	265,805
Total liabilities, deferred inflows					
of resources and fund balance	\$205,461	\$1,023,939	\$1,023,033	\$1,004,058	\$987,868

[1] The implementation of GASB 87 in FY2021-22 fundamentally changed lease accounting by requiring lessees to recognize lease liabilities and right-of-use assets, while lessors had to record lease receivables and deferred inflows of resources. As a result, the City, as a lessor of many properties, recorded a large amount of leased receivables and deferred inflows on the balance sheet.

Source: City of Mountain View Annual Comprehensive Financial Reports.

Table 3
Statement of General Fund Revenues, Expenditures
and Changes in Fund Balance
(\$000s)

	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>	<u>Audited</u> <u>2024-25</u>
<u>Revenues:</u>					
Property taxes	\$66,625	\$72,256	\$79,030	\$81,121	\$89,770
Sales Tax	18,284	23,456	25,394	24,492	21,177
Other Tax	13,717	19,431	25,189	21,205	29,435
Licenses, permits and fees	12,515	11,867	11,545	10,784	10,840
Fines and forfeitures	312	316	506	506	746
Use of money and property	21,615	37,672	47,528	51,441	54,964
Intergovernmental	1,832	8,072	10,918	1,425	1,414
Charges for service	22,847	26,520	26,362	22,886	22,942
Developer fees and contributions	1,378	1,223	1,080	529	494
Other	6,478	12,419	6,442	6,699	5,088
Total revenues	165,603	213,232	233,994	221,088	236,870
<u>Expenditures:</u>					
Current:					
General government	29,475	32,181	32,834	39,610	40,363
Public Safety	71,211	74,924	78,233	83,433	89,993
Public works	17,456	20,093	21,999	22,135	23,466
Community development	12,054	14,086	16,528	13,224	13,379
Culture and recreation	20,851	23,253	25,081	27,711	31,043
Capital outlay	585	672	8,272	1,787	5,960
Debt service:					
Principal	--	--	604	944	1,433
Interest and fiscal charges	--	--	17	124	239
Total expenditures	151,632	165,209	183,568	188,968	205,876
Excess of revenues over (under) expenditures	13,971	48,023	50,426	32,120	30,994
<u>Other financing sources (uses):</u>					
Lease and SBITA financing	--	--	4,790	--	5,407
Transfers in	3,776	2,415	3,994	6,051	8,837
Transfers out [1]	(9,741)	(10,966)	(19,915)	(36,571)	(18,087)
Proceeds from leases	--	--	--	474	--
Total other financing sources (uses)	(5,965)	(8,551)	(11,131)	(30,046)	(3,843)
Net change in fund balance	8,006	39,472	39,295	2,074	27,151
Fund balance - July 1	152,012	160,018	197,285	236,580	238,654
Change in Accounting Principle	--	(2,205)	--	--	--
Adjusted Fund Balance	--	157,813	--	--	--
Fund balance - June 30	\$160,018	\$197,285	\$236,580	\$238,654	\$265,805

[1] Transfers out of \$18,087 include \$16,029 to the Capital Project Fund, \$617 to the Housing Fund, and \$1,441 to the Internal Service Fund.

Source: City of Mountain View Annual Comprehensive Financial Reports.

Major Revenues

General. Taxes and other sources of revenue received by the City are listed in the table below, which presents the major revenues of the City's General Fund for the last three audited Fiscal Years and the budgeted amounts for Fiscal Year 2025-26.

In Fiscal Year 2024-25, taxes comprised over 59% of the City's General Fund revenues; Property Tax and Sales Tax contributed approximately 47% of the total income for the General Fund (and 79% of the total taxes); Use of Money and Property, primarily derived from rents and leases was the City's second major revenue source, contributing approximately 23% of the total income. Although the City cannot foresee all economic trends, the City annually completes a five-year forecast based upon historical collections, market trends and consumer demands. The City's revenues are diversified among Property Tax, Sales Tax, and other revenues. Sales Tax is the most responsive to the volatility changes of the economy, while Property Tax tends to lag by 18 to 24 months. This allows the City to adjust more gradually to changes such as an economic downturn.

Certain general taxes currently imposed by the City are affected by Proposition 218. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Article XIIC and Article XIID of the State Constitution."

Table 4
Major General Fund Revenues by Source
(\$000s)

	Audited 2022-23	Audited 2023-24	Audited 2024-25	% of 2024-25 Total	Adopted Budget 2025-26	% of 2025-26 Total
Property Taxes [1]	\$79,030	\$81,121	\$89,770	37.9%	\$84,168	38.0%
Sales and Use Taxes	25,394	24,492	21,177	8.9	22,843	10.3
Other Taxes	25,189	21,205	29,435	12.4	40,114	18.1
Licenses, permits and fees	11,545	10,784	10,840	4.6	11,687	5.3
Fines and forfeitures	506	506	746	0.3	457	0.2
Use of money and property [2]	47,528	51,441	54,964	23.2	35,716	16.1
Intergovernmental	10,918	1,425	1,414	0.6	751	0.4
Charges for services	26,362	22,886	22,942	9.7	23,491	10.6
Developer fees and contributions	1,080	529	494	0.2	-0-	-
Other	6,442	6,699	5,088	2.2	2,203	1.0
Total	\$233,994	\$221,088	\$236,870	100.0%	\$221,430	100.0%

[1] For adopted budget, Property Taxes exclude Excess ERAF revenue to prevent dependence on the revenues to fund ongoing expenditures.

[2] The use of money and property includes the amounts recorded in accordance with GASB pronouncements, as well as leasehold revenues. See "– Other Taxes and Revenues – Significant Lease Arrangements."

Source: *City of Mountain View Annual Comprehensive Financial Reports and City of Mountain View Fiscal Year 2025-26 Adopted Budget.*

Property Taxes

General. This section describes property tax levy and collection procedures and certain information regarding historical assessed values and major property taxpayers in the City.

Property taxes represent one of the largest source of revenues to the General Fund at approximately 37.9% in Fiscal Year 2024-25, up from 36.7% of total General Fund revenues in Fiscal Year 2023-24. Excluding Excess ERAF revenues, property taxes increased \$5.6 million, or 7.5%, from Fiscal Year 2023-24 to Fiscal Year 2024-25. Even though property tax revenue has experienced significant growth over the past five years, future growth is expected to slow from commercial properties. Property taxes were projected to grow 4.8% in Fiscal Year 2025-26, excluding Excess ERAF revenue. However, updated information from the Santa Clara County Assessor after the start of the current Fiscal Year indicates that total General Fund assessed value as of July 1, 2025 increased by a net 2.3% compared with July 1, 2024. Looking beyond the current Fiscal Year, the City's property tax consultant projects potential assessed value reductions of approximately \$1.8 billion related to pending appeals, which could result in an estimated \$2.7 million reduction in property tax revenues.

Property taxes have historically been the primary revenue source affected by voter initiatives and legislative actions. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" and "BOND OWNERS' RISKS – Limitations on Taxes and Fees."

ERAF Shift Legislation. Certain property taxes have been shifted from local government agencies to schools by the State Legislature for deposit in the Education Revenue Augmentation Fund ("ERAF"), a shift that has resulted in diversion of City property taxes since Fiscal Year 1992-93.

Levy and Collection. Property taxes are levied for each Fiscal Year on taxable real and personal property as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each Fiscal Year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Property on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the Fiscal Year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property may be sold at public auction.

Property taxes on the unsecured roll are due as of the January 1 lien dates and become delinquent on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in

order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Assessed Valuation. All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions. See “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

Future assessed valuation growth allowed under Article XIII A of the State Constitution (new construction, certain changes of ownership, lesser of the actual inflationary rate or 2% inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year.

Assessed Valuation History. The following table shows a ten-year history of the City’s assessed valuation by land use (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community).

Table 5
Assessed Value of Taxable Property
Fiscal Years 2015-16 through 2025-26
(\$000s)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other Secured	Unsecured	Less: Tax-Exempt Property	Total Taxable Assessed Value
2015-16	\$12,448,818	\$3,243,376	\$2,089,728	\$537,799	\$1,685,212	\$(958,474)	\$19,046,459
2016-17	13,981,725	4,090,288	1,965,073	620,220	1,714,590	(1,052,644)	21,319,252
2017-18	15,549,458	4,645,266	2,151,776	584,204	2,198,299	(1,109,854)	24,019,149
2018-19	16,602,651	5,210,302	2,339,098	564,724	1,863,360	(1,086,166)	25,493,969
2019-20	18,283,904	5,495,343	2,453,199	737,817	2,077,906	(1,361,294)	27,686,875
2020-21	19,969,033	5,775,343	2,454,244	1,219,793	2,237,308	(1,570,528)	30,085,193
2021-22	21,210,275	6,105,423	2,645,325	1,230,073	2,178,923	(1,446,416)	31,923,603
2022-23	23,056,123	6,471,901	2,932,026	2,175,582	2,124,233	(1,605,025)	35,154,840
2023-24	24,502,584	6,900,906	3,191,012	2,323,820	2,301,364	(1,610,359)	37,609,327
2024-25	26,535,751	7,317,362	3,401,313	2,553,422	2,572,295	(1,942,994)	40,437,149
2025-26	27,815,902	7,085,034	3,569,966	2,489,256	2,516,556	(2,106,110)	41,370,604

Source: City of Mountain View, based on information provided by Santa Clara County Assessor.

Proposition 13 and Proposition 8 Property Value Adjustments. Proposition 13, adopted in 1978, established the base year value concept for property tax assessments. Under Proposition 13, the 1975-76 Fiscal Year serves as the original base year used in determining the assessment for real property. Thereafter, annual increases to the base year value are limited to

the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is less. A new base year value, however, is generally established whenever a property, or portion thereof, has had a change in ownership or has been newly constructed.

Proposition 8, enacted in 1978, allows for a temporary reduction in assessed value when a property suffers a “decline-in-value.” As of January 1st (lien date) each year, the Assessor must enroll either a property’s Proposition 13 value (adjusted annually for inflation by no more than 2%) or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 value, the lower value is commonly referred to as a “Proposition 8 Value.” “Proposition 8 values” are temporary and, once enrolled, must be reviewed annually by the assessor until the Proposition 13 adjusted base year value is enrolled.

Major Property Taxpayers. The following table shows the principal property taxpayers in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community) as determined by their taxable assessed valuations in Fiscal Year 2025-26.

Table 6
Top Ten Property Taxpayers
(\$000s)

	Fiscal Year 2025-26	
	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
<u>Taxpayer^[1]</u>		
Google LLC	\$ 3,516,024	8.5%
Orion V Sac Village Office Property LLC	684,991	1.7%
LinkedIn Corporation	551,800	1.3%
Intuit Inc	491,751	1.2%
San Antonio Apartments LLC	396,313	1.0%
LH Shoreline Apartments LP	331,758	0.8%
Samsung Electronics America Inc	317,358	0.8%
350 Ellis Street Owner LLC	314,000	0.8%
Marazzo Realty Holdings LLC	269,356	0.6%
Eagle Square Partners II	267,419	0.6%
Top Ten Total ^[2]	\$7,140,770	17.3%

[1] Ranking based on assessed valuation.

[2] Fiscal Year 2025-26 Total Net Assessed Valuation: \$41,370,604.

Source Santa Clara County Assessor 2025-26 Combined Tax Rolls.

Google is the largest property taxpayer in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community), representing approximately \$3.5 billion in taxable assessed value, or 8.5% of the total assessed value in the City (excluding assessed valuation of the property within the Mountain View Shoreline Regional Park Community). Of this, approximately \$3.0 billion is secured and \$513.2 million is unsecured. For Fiscal Year 2025-26, Google’s property generates general fund property tax revenues of approximately \$4.5 million from the secured value and \$770,000 from the unsecured value. Google is also the largest property taxpayer in the Mountain View Shoreline Regional Park Community.

Teeter Plan. The Board of Supervisors of the County has approved the implementation of the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions, including the City, for which the County acts as the tax-levying or tax-collecting agency.

The Teeter Plan is applicable to all tax levies on secured property for which the County acts as the tax-levying or tax-collecting agency, or for which the County treasury is the legal depository of the tax collections.

The Teeter Plan is to remain in effect unless the Board of Supervisors of the County orders its discontinuance or unless, prior to the commencement of any Fiscal Year of the County (which commences on July 1), the Board of Supervisors receives a petition for its discontinuance joined in by resolutions adopted by at least two-thirds of the participating revenue districts in the County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective at the commencement of the subsequent Fiscal Year. If the Teeter Plan is discontinued subsequent to its implementation, only those secured property taxes actually collected would be allocated to political subdivisions (including the City) for which the County acts as the tax-levying or tax-collecting agency.

Sales and Use Taxes

General. Sales taxes represent one of the largest source of General Fund revenue to the City at approximately 8.9% in Fiscal Year 2024-25, down from 11.1% of total General Fund revenues in Fiscal Year 2023-24. Sales tax revenue in the General Fund totaled \$21.2 million in Fiscal Year 2024-25 compared to \$24.5 million in Fiscal Year 2023-24, a decrease of \$3.3 million, or 13.5%.

This section describes the current system for levying, collecting and distributing sales and use tax revenues in the State of California.

Background Regarding Sales Taxes. The City collects a percentage of taxable sales in the City (minus certain administrative costs imposed by the State) pursuant to the Bradley-Burns Uniform Local Sales and Use Tax (the “**Sales Tax Law**”).

Local taxes are included in the statewide sales and use tax rate of 7.25%. Additional local taxes approved by voters (also referred to as district taxes or “transaction taxes”) are applied to purchases where the goods are delivered or placed into use in the City.

Sales and use taxes are complementary taxes; when one applies, the other does not. In general, the statewide sales tax applies to gross receipts of retailers from the sale of tangible personal property in the State of California. The use tax is imposed on the purchase, for storage, use or other consumption in the State of tangible personal property from any retailer. The use tax generally applies to purchases of personal property from a retailer outside the State of California where the use will occur within the State of California. The Sales Tax is imposed upon the same transactions and items as the statewide sales tax and the statewide use tax.

Certain transactions are exempt from the State sales tax, including sales of the following products:

- food products for home consumption;
- prescription medicine;
- newspapers and periodicals;
- edible livestock and their feed;
- seed and fertilizer used in raising food for human consumption; and
- gas, electricity and water when delivered to consumers through mains, lines and pipes.

This is not an exhaustive list of exempt transactions. A comprehensive list can be found in the State Board of Equalization's Publication No. 61 entitled "Sales and Use Taxes: Exemptions and Exclusions," which can be found on the California Department of Tax and Fee Administration ("CDTFA") website at www.cdtfa.ca.gov. *The reference to this Internet website is provided for reference and convenience only. The information contained within the website may not be current, has not been reviewed by the City and is not incorporated in this Official Statement by reference.*

Sales Tax Rates. Currently, taxable transactions in the City are subject to the following sales and use tax, of which the City's share is only a portion. The State collects and administers the tax, and makes distributions on taxes collected within the City, as follows:

Table 7
Sales Tax Rates
Fiscal Year 2025-26
As of April 1, 2026

<u>Component</u>	<u>Rate</u>
California	6.000%
Santa Clara County	0.250
City of Mountain View	1.000
Special District Taxes [1]	1.875
Special District Taxes – Measure A [2]	0.625
Total Sales Tax Rate	9.750%

[1] Further information regarding special district taxes can be found in CDTFA Publication No. 105, District Taxes, Rates, and Effective Dates at <https://cdtfa.ca.gov/formspubs/cdtfa105.pdf>.

[2] Santa Clara County voters approved Measure A in November 2025, enacting a temporary 0.625% sales tax increase effective April 1, 2026, to support critical local services such as trauma, emergency room, mental health, and public safety. The tax expires on March 31, 2031.

Source City of Mountain View.

Public Safety Half-Cent Sales Tax (Proposition 172). Proposition 172 provides a half-cent public safety tax that is set by a pro-rata factor determined by the County's ratio of sales tax collections to the statewide total. Receipts from all counties are placed in a pool from which the State Controller's Office makes monthly payments using the pro-rata factors. The City is allocated a share of the collections to offset property taxes lost through ERAF. The half-cent tax represented approximately 6.5% of the total sales tax in Fiscal Year 2024-25.

Sales Tax Collection Procedures. Collection of the sales and use tax is administered by the CDTFA. Retailers engaged in business in California must register with the CDTFA and pay the state's sales tax, which applies to all retail sales of goods and merchandise except those sales specifically exempted by law. The use tax generally applies to the storage, use, or other

consumption in California of goods purchased from retailers in transactions not subject to the sales tax. Use tax may also apply to purchases shipped to a California consumer from another state, including purchases made by mail order, telephone, or Internet. The sales and use tax rate in a specific California location has three parts: the state tax rate, the local tax rate, and any district tax rate that may be in effect. These transmittals are required to be made at least twice in each calendar quarter.

Beginning the second quarter of 2020, the CDTFA revised their advance payment calculation to closely track actual tax receipts and accelerate allocations to local jurisdictions and districts. According to CDTFA, it distributes quarterly tax revenues to cities, counties and special districts using the following method:

The CDTFA disburses Local and District Tax payments to all local jurisdictions three times per quarter.

- The first two monthly payments are comprised of two distinct components:
 - the estimated advance, plus
 - the current distributions processed during the month.
- The third monthly payment (February, May, August, November) then trues-up the total quarterly allocation against payments disbursed in the prior two months, net of administrative fees.
- In the past, the estimated advances for the first two monthly payments were calculated based on the total dollars allocated for the same quarter of the prior year.

CDTFA receives an administrative fee based on the cost of services provided by CDTFA to the City in administering the City's sales tax, which is deducted from revenue generated by the sales and use tax before it is distributed to the City. In addition, the City receives auditing and forecasting services from HdL to ensure that the City receives the proper allocation of sales tax revenue.

Historical Composition of Sales Tax Revenue. A historical summary of sales tax composition by major industry groups is shown in the following table. The data presented show the full value of the City's 1.0% share of sales taxes under the Sales Tax Law, and do not reflect administrative fees. The table below is provided by the City's sales tax consultant, HdL, and reflects allocation on a Fiscal Year basis.

Table 8
Taxable Sales and Use Tax Revenues by Major Industry Groups
(Fiscal Year Basis)
(\$000s)

Major Industry Groups	2020-21	2021-22	2022-23	2023-24	2024-25
Point of Sale					
Autos and Transportation	\$1,662	\$2,198	\$2,292	\$2,005	\$1,946
Building and Construction	789	567	571	468	494
Business and Industry	1,854	3,865	4,067	2,570	1,905
Food and Drugs	1,029	1,027	1,005	986	937
Fuel and Service Stations	1,075	1,759	1,661	1,632	1,453
General Consumer Goods	3,458	3,519	3,406	3,492	3,315
Restaurants and Hotels	3,447	5,056	6,230	6,661	6,486
Other	11	193	25	18	22
Total Point of Sale	13,325	18,184	19,257	17,832	16,558
County Pool Allocations	3,436	4,309	4,447	3,656	3,919
State Pool Allocations	10	1	10	11	8
Total Sales and Use Tax Receipts [1]	\$16,368	\$22,494	\$23,714	\$21,499	\$20,485

[1] The total will not match the City of Mountain View Annual Comprehensive Financial Reports since the timing of distributions require the City to accrue for Q2 at year-end. It also excludes administrative fees and the Public Safety Half-Cent Sales Tax.

Source: City of Mountain View, based on information provided by HdL.

The following table shows the top 25 sales tax payers in the City as of the third quarter of 2025, in alphabetical order without regard to the amount paid.

Table 9
Top 25 Sales Tax Payers Listed Alphabetically

Sales Tax Payer Name		
Allison BMW	In N Out Burger	Total Wine & More
Best Buy	Kiwi Co.	Valley Oil
Bon Appetit	Marshalls	Walmart
Bruce Bauer Lumber & Supplies	Mountain View Shell	Waymo
Chevron	Response Motors	Wisk Aero
Compass Group USA	Ross	
Costco	Safeway	
Fii Usa	Shoreline Amphitheatre	
Financial Services Vehicle Trust	Sparks Marketing	
Google Fiber	Target	

Source: City of Mountain View, based on information provided by HdL.

Other Taxes and Revenues

General. The following table below summarizes the major other taxes and uses of revenues money and property for the General Fund.

Table 10
Other Taxes and Use of Money Detail
(\$000s)

	Audited 2022-23	Audited 2023-24	Audited 2024-25	% of 2024-25 Total	Adopted Budget 2025-26	% of 2025-26 Total
Other Taxes						
Transient Occupancy Tax	\$9,521	\$7,961	\$10,564	4.9%	\$9,390	4.2%
Business License Tax	5,996	5,581	5,677	2.6%	5,423	2.4%
Utility Users Tax	9,672	7,648	11,084	5.1%	10,801	4.9%
Conveyance Tax	-0-	-0-	2,046	0.9%	14,500	6.5%
Cannabis Tax	-0-	15	64	-	-0-	-
Use of Money and Property						
Investment Earnings [1]	5,912	7,390	10,074	4.6%	9,373	4.2%
Rents and Leases [1]	25,697	25,295	25,582	11.8%	26,343	11.9%

[1] Investment Earnings and Rents and Leases exclude the amounts recorded in accordance with GASB accounting treatments.
Source: City of Mountain View Fiscal Year 2025-26 Adopted Budget.

Use of Money and Property. Use of money and property, which consists primarily of lease revenue and investment earnings, is the second largest source of General Fund revenue and accounted for 16.4% of total General Fund revenues in Fiscal Year 2024-25 (excluding GASB Accounting Treatments). For reference, use of money and property revenue accounted for 16.2% of total General Fund revenues in Fiscal Year 2023-24 (excluding GASB Accounting Treatment). This revenue source generated \$35.7 million in Fiscal Year 2024-25, an increase of \$3.0 million, or 9.1%, when compared to Fiscal Year 2023-24. Use of Money and Property revenue is projected to remain flat in Fiscal Year 2026-27, with increase in rents and leases expected to offset declines in investment returns.

Significant Lease Arrangements. The City has strategically developed City-owned properties and negotiated lease agreements that generate long-term revenue for the General Fund. These leases and the revenue generated are important during economic downturns as they generally do not immediately fluctuate with the economy, and most include annual inflationary increases.

The following table below summarizes the major lease agreements that generate revenues for the General Fund. Additional information regarding each lease agreement is set forth below.

Table 11
Major Lease Summary

Lessee	Property	Start Date	End Date	Renewal Options	Fiscal Year 2024-25 Revenues
Google	Amphitheatre Campus	3/15/1995	3/14/2050	Four 10-year	\$7,804,210
Google	Crittenden Campus	12/12/1996	12/11/2051	Four 10-year	8,053,502
Google	Charleston East Campus	2/01/2008	1/31/2063	Four 10-year	2,238,390
SFX/Live Nation	Shoreline Amphitheatre	3/15/2006	12/31/2025	One 5-year	2,081,418
MV 101 Development	Ameswell Hotel/ Office	4/01/2015	3/31/2070	Four 10-year	2,174,435
Totals					<u>\$22,351,956</u>

Source: City of Mountain View.

Google Amphitheatre Campus and Crittenden Campus. The City, as lessor, entered into a 55-year lease with Silicon Graphics, Inc. (“SGI”), an entity not affiliated with the City, for the rental of City land located at 1600 Amphitheatre Parkway within the Shoreline Community. In addition, the City, as lessor, entered into another 55-year lease with SGI for the rental of City land located at 1200-1500 Crittendon Lane within the Shoreline Community.

Through a subsequent series of assignments, these two leases were eventually assigned to Google in 2006. These leases provide for rent increases of 4.0% per annum and the rent is to be adjusted every 10 years to the greater of 6.0% of the then-fair value of the property or the initial base rent.

Charleston East Campus. The City, as lessor, entered into a 55-year lease with Google for property known as the Charleston East Campus (Lot 1). This lease provides for rent increases of 3.0% per annum, and the rent is to be adjusted every 10 years to the greater of 7.0% of the then-fair value of the property or the initial base rent.

In addition, the City, as lessor, entered into a 52-year lease with Google for property known as the Charleston East Campus (Lot 2). Google advanced the rent for the entire lease term in the amount of \$30.0 million to the City. The City recognizes the lease revenue annually as it is earned.

Shoreline Amphitheatre. The City, the Shoreline Community, and SFX Entertainment, Inc. (“SFX”), wholly owned by Live Nation, have entered into multiple Amphitheatre Ground Lease Agreements for the Shoreline Amphitheatre located at 2400 North Shoreline Boulevard. Last year, SFX exercised a five-year option to extend the lease with an expiration date of December 31, 2030. SFX is required to pay annual base rent to the City, due in nine equal installments in the months of April through December.

Ameswell Property. The City, as lessor, entered into a disposition and development agreement and a 55-year ground lease with MV 101 Development, LLC, (“MV 101 Development”). The disposition and development agreement provided for the

development of 6.69 acres of land owned by the City at 750 Moffett Boulevard, commonly referred to as Ameswell (formerly Moffett Gateway) in conjunction with adjacent land formerly owned by Caltrans and acquired by MV 101 Development, with a hotel, office building and joint parking structure. The ground lease provides for the rental of the City land for 55 years with four 10-year extensions. The agreement also provides for office building minimum rent annual escalation factors.

In 2018, the City Council earmarked this revenue, along with any Transient Occupancy Tax, property tax, and sales tax generated from the property, for the Project. The revenues derived from the Ameswell lease currently provides approximately \$4.9 million in annual revenue and has accumulated a fund balance to date of approximately \$27.6 million in available funding toward the Project. This annual revenue is expected to continue to generate funding through the term of the lease.

The City currently intends to apply lease/other payments derived from the lease of the Ameswell property toward the Lease Payments supporting debt service on the 2026 Bonds.

Utility User Tax. The City imposes a 3.0% utility user tax levy on telecom, electric, and natural gas utility bills. In 2010 voters approved a modernization of the utility user tax and affirmed the 3.0% rate. For Fiscal Year 2024-25, utility user tax revenues were \$11.1 million or approximately 5.1% of total revenues.

Transient Occupancy Tax. The City has 21 hotels with 1,911 hotel rooms including two new hotels opened since 2020. The City currently has a 10.0% transient occupancy tax rate which was adopted by voters in 1991. Transient occupancy tax revenues for Fiscal Year 2024-25 were \$10.6 million or approximately 4.9% of total revenues.

Measure G Real Property Transfer Tax

At the November 5, 2024 election, voters within the City approved a ballot measure known as Measure G that enacted a new real property transfer tax on sales of certain residential and commercial property within the City (the "Measure G Transfer Taxes"). The Measure G Transfer Taxes constitute a general tax, the proceeds of which are authorized to be used for the acquisition, improvement, maintenance, expansion, or implementation of the capital improvement program of the City, including public park, playground, cultural, educational, recreational, police, fire, sewer, storm drain, water system and street improvements, and for operational and maintenance costs related to those capital improvements, including debt service on any bonds issued in connection with those improvements.

By action in September 2024, the City Council approved a resolution establishing programmatic goals and spending priorities for the anticipated revenues to be generated by the Measure G Transfer Taxes, which allocated 35% to 40% of annual tax revenues to public safety facilities.

The City currently intends to apply these funds toward the Lease Payments supporting debt service on the 2026 Bonds.

If Measure G had been in effect over the prior six Fiscal Years, Measure G Transfer Taxes would have generated revenue averaging approximately \$8.8 million per year. However, documentary transfer taxes such as Measure G Transfer Taxes may vary greatly from year to

year, and as such, no assurance can be given that transfers of real property within the City will occur, or Measure G Transfer Tax revenues will be generated, consistent with historical revenues. Since its inception Measure G generated approximately \$116,000 in Fiscal Year 2024-25 and approximately \$5.1 million as of February 2026 for Fiscal Year 2025-26.

Long-Term Obligations

The City generally incurs long-term debt to finance projects or purchase assets that will have useful lives equal to or greater than the related debt. The City currently has no long-term obligations payable from the General Fund. See Note 7 in the City's Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City's long-term obligations.

Direct and Overlapping Debt

Set forth following is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. and effective May 1, 2026. The Debt Report is included for general information purposes only. The City has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the percentage of the assessed valuation of the overlapping public agency identified in column 1 which is represented by property located within the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

Table 12
Summary of Direct and Overlapping Debt
As of May 1, 2026

2025-26 Assessed Valuation: \$47,929,037,656

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 5/1/26</u>
Santa Clara County	6.616%	\$77,774,719
Foothill-DeAnza Community College District	18.698	128,862,560
Fremont Union High School District	0.398	3,045,775
Mountain View-Los Altos Union High School District	57.922	132,748,122
Los Altos School District	17.041	37,859,990
Sunnyvale School District	0.874	3,104,761
Mountain View-Whisman School District	91.709	372,333,955
El Camino Hospital District	32.879	31,359,236
Midpeninsula Regional Open Space District	10.753	12,060,027
Santa Clara Valley Water District Benefit Assessment District	6.616	1,351,318
Santa Clara Valley Water District Parcel Tax Obligations	6.616	7,795,964
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$808,296,427
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Santa Clara County General Fund Obligations	6.616%	\$ 87,788,961
Santa Clara County Pension Obligation Bonds	6.616	20,608,860
Santa Clara County Board of Education Certificates of Participation	6.616	740,954
Mountain View-Los Altos Union High School District General Fund Obligations	57.922	558,947
Los Altos School District Certificates of Participation	17.041	117,206
City of Mountain View	100.000	0 (1)
Midpeninsula Regional Park District General Fund Obligations	10.753	7,303,502
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$117,118,430
Less: Santa Clara County supported obligations		143,236
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$116,975,194
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000%	\$78,550,000
GROSS COMBINED TOTAL DEBT		\$1,003,964,857 (2)
NET COMBINED TOTAL DEBT		\$1,003,821,621

(1) Excludes issue to be sold.

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

Source: California Municipal Statistics, Inc.

Employee Relations

As of March 1, 2026, there were approximately 700.5 full-time equivalent budgeted positions and an additional 11.5 limited-period positions for a total of 712 full-time equivalent positions. This includes 76.5 unrepresented positions, and 635.5 positions represented by formal labor organizations, as shown in the table below. The City's represented groups are Service Employees International Union (SEIU), Police Officers Association (POA), International Association of Fire Fighters (IAFF), and EAGLES (the bargaining unit that represents analysts, accountants, managers, supervisors, civil engineers, planners, librarians and other professionals).

Labor Group	Number of Employees	Contract Expiration Date
EAGLES	264.0	June 30, 2027
IAFF	68.0	June 30, 2027
POA	107.5	June 30, 2027
SEIU	196.0	June 30, 2027
Total	635.5	

Risk Management

The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, and unemployment. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability and property claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities ("**ACCEL**") to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Charges to the General Fund and other insured funds are determined from an analysis of self-insured claims costs and reserve requirements and are recorded as operating expenditures or expenses of such funds and operating revenues of the various internal service funds.

Estimated liabilities are recorded for claims in cases where such amounts are reasonably determinable and where the liability is likely for claims which are incurred through the end of the Fiscal Year but not reported until after that date. The estimated liability is determined based upon historical claims data discounted at 2.5% annually and independently determined estimates of the amounts needed to pay prior and current year claims.

The City has not significantly reduced its insurance coverage from the prior Fiscal Year. Furthermore, settlements have not exceeded insurance coverage for the past three Fiscal Years.

See Note 10 in the City's Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City's risk management practices.

Employee Retirement System

This caption contains certain information relating to California Public Employees' Retirement System ("CalPERS"). The information is primarily derived from the City's Annual Comprehensive Financial Report and information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations and expresses no opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. The CalPERS web site and the information contained therein are not incorporated by reference in this Official Statement. None of the Authority, the City or the Underwriters guarantee the accuracy or completeness 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 may be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Descriptions. All qualified regular and probationary employees are eligible to participate in either the City's Miscellaneous (all other) or Safety (police and fire) plans (Plans), agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans 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 the CalPERS website.

Benefits Provided. CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act ("PEPRA"), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

A summary of the City's benefit formulas as of June 30, 2025, is provided below:

Miscellaneous

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50+	52+
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	12.18%	12.18%

Safety

Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50+	50+
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	23.44%	23.44%

Employees Covered. At the June 30, 2024, measurement date, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Active employees	500	153
Inactive employees entitled to but not yet receiving benefits	591	99
Retired employees and beneficiaries	791	346
Total	1,882	598

Contributions. Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined Normal Cost rate is the projected amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). The City is required to contribute the difference between the actuarially determined Normal Cost rate and the contribution rate of employees. In addition, the City makes a UAL contribution. The table below provides the estimated total employer contributions for the Miscellaneous Plan for Fiscal Years 2025-26 and 2026-27.

Miscellaneous Plan	Fiscal Year 2025-26	Fiscal Year 2026-27
Total Normal Cost	\$11,805,109	\$12,772,428
Expected Employee Contributions	(4,601,156)	(5,047,827)
Employer Normal Cost	7,203,953	7,724,601
UAL Contribution	14,883,686	16,092,897
Estimated Total Employer Contribution	\$22,087,639	\$23,817,498

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

The table below provides the estimated total employer contributions for the Safety Plan for Fiscal Years 2025-26 and 2026-27.

Safety Plan	Fiscal Year 2025-26	Fiscal Year 2026-27
Total Normal Cost	\$10,211,508	\$10,371,445
Expected Employee Contributions	(3,093,921)	(3,261,645)
Employer Normal Cost	7,117,587	7,109,800
UAL Contribution	12,078,465	12,955,546
Estimated Total Employer Contribution	\$19,196,052	\$20,065,346

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

Projected Contributions. The tables below show the City's required and projected contributions (before cost sharing) for the next six Fiscal Years, as projected by CalPERS. Projected results reflect the adopted changes to the CalPERS discount rate. The 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 these projections do not reflect that the normal cost will decline over time as new employees are hired into PEPRa or other lower cost benefit tiers.

Miscellaneous Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25)				
Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	11.37%	11.1%	10.9%	10.7%	10.4%	10.2%
UAL Payment	\$16,092,897	\$16,718,000	\$18,428,000	\$18,647,000	\$18,807,000	\$11,434,000

Source: CalPERS Actuarial Report dated June 30, 2024.

Safety Plan

	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25)				
Fiscal Year	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost %	21.82%	21.0%	20.2%	19.4%	18.6%	17.8%
UAL Payment	\$ 12,955,546	\$13,477,000	\$14,876,000	\$ 15,040,000	\$15,153,000	15,497,000

Source: CalPERS Actuarial Report dated June 30, 2024.

Funded Status. The value of the projected benefit that is not allocated to future service is referred to as the Accrued Liability and is the plan's funding target on the valuation date. The Unfunded Accrued Liability (UAL) equals the funding target minus the assets. The UAL is an absolute measure of funded status and can be viewed as employer debt. The funded ratio equals the assets divided by the funding target. A funded ratio of 100% (UAL of \$0) implies that the funding of the plan is on target and that future contributions equal to the normal cost of the active plan members will be sufficient to fully fund all retirement benefits if future experience matches the actuarial assumptions. A funded ratio of less than 100% (positive UAL) implies that in addition to normal costs, payments toward the UAL will be required. The table below shows the recent history of the actuarial accrued liability, market value of assets, unfunded accrued liability, and funded ratio for the City's Miscellaneous and Safety pension plans as of the five most recent actuarial valuation dates.

Miscellaneous Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio ⁽¹⁾
2020	473,975,105	346,558,288	127,416,818	73.1%
2021	502,405,004	423,281,332	79,123,672	84.3%
2022	529,569,378	388,148,095	141,421,283	73.3%
2023	557,276,016	407,699,625	149,576,391	73.2%
2024	583,457,320	444,054,985	139,402,335	76.1%

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated June 30, 2024.

Safety Plan

Valuation Date (June 30)	Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio ⁽¹⁾
2020	409,956,694	287,997,109	121,959,585	70.3%
2021	440,792,022	350,889,822	89,902,200	79.6%
2022	463,123,039	320,876,396	142,246,643	69.3%
2023	485,889,472	336,590,573	149,298,899	69.3 %
2024	507,228,018	366,331,930	140,896,088	72.2%

(1) Based on the market value of assets.

Source: CalPERS Actuarial Report Dated June 30, 2024.

For the purpose of augmenting the funded status of the Plans, the City has contributed Additional Discretionary Payments (“ADPs”) toward the UAL. The following table provides a recent history of actual ADPs made to the Miscellaneous Plan and the Safety Plan.

ADP Payments

Fiscal Year	Miscellaneous Plan	Safety Plan
2018-19	\$4,745,054	\$4,108,000
2019-20	4,489,479	3,887,000
2020-21	1,113,846	756,000
2021-22	2,227,926	1,407,000
2022-23	1,928,497	1,125,000
2023-24	4,094,596	3,043,000
2024-25	2,707,191	1,636,000

Potential Impacts on Future Required Contributions. 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.

Change in Assumptions/Discount Rate. On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then-current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS further reduced the discount rate to 6.8% in September 2021. On April 16, 2024, the CalPERS Board of Administration took action to modify the Funding Risk Mitigation Policy to remove the automatic change to the discount rate when the investment return exceeds various thresholds. Rather than an automatic change to the discount rate, a CalPERS Board of Administration discussion would be placed on the calendar.

As part of the 2025 Asset Liability Management (ALM) process, the CalPERS Board of Administration voted to maintain the discount rate at 6.8% and adopted a Total Fund Portfolio Management investment strategy. Starting July 1, 2026, the total portfolio approach (TPA), will replace the strategic asset allocation (SAA) model CalPERS has used to guide investment decision-making. The CalPERS Board of Administration also adopted new economic and demographic actuarial assumptions. These updated assumptions will affect employer contribution rates beginning in Fiscal Year 2027-28 for public agencies and Fiscal Year 2026-27 for state and school employers.

Calculations in the actuarial reports for the funding target reflect the CalPERS expected long-term investment return of 6.8%. If it were known on the valuation date that future investment returns will average something greater/less than the expected return, the CalPERS calculated normal costs and accrued liabilities provided in their reports would be less/greater than the results shown. For illustrative purposes, funded statuses based on a 1% lower and higher average future investment return (discount rate) are presented by CalPERS as follows:

Miscellaneous Plan	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
Present Value of Benefits	\$802,147,296	\$687,818,039	\$598,455,866
Entry Age Accrued Liability (AL)	659,404,830	583,457,320	520,812,088
Market Value of Assets (MVA)	444,054,985	444,054,985	444,054,985
Unfunded Accrued Liability (UAL)	\$215,349,845	\$139,402,335	\$76,757,103
Funded Ratio	67.3%	76.1%	85.3%

Safety Plan	1% Lower Average Return	Current Assumption	1% Higher Average Return
Discount Rate	5.8%	6.8%	7.8%
Present Value of Benefits	\$671,210,856	\$580,350,248	\$508,070,634
Entry Age Accrued Liability (AL)	573,405,558	507,228,018	452,605,259
Market Value of Assets (MVA)	366,331,930	366,331,930	366,331,930
Unfunded Accrued Liability (UAL)	\$207,073,628	\$140,896,088	\$86,273,329
Funded Ratio	63.9%	72.2%	80.9%

Investment Performance. The table below shows annualized investment returns of the Public Employees' Retirement Fund ("PERF") for various time periods ending on June 30, 2024. These returns are the annual rates that if compounded over the indicated number of years would equate to the actual time-weighted investment performance of the PERF. It should be recognized that in any given year the rate of return is volatile.

	1 Year	5 Year	10 Year	20 Year	30 Year
Compound Annual Return	9.3%	6.6%	6.2%	6.7%	7.7%

Source: City of Mountain View June 30, 2024, CalPERS Actuarial Valuation

CalPERS reported a preliminary net return of 11.6% on its investments for the 12-month period ending June 30, 2025. Preliminary total fund annualized returns for the five-year period ending June 30, 2025, stood at 8.0%; the 10-year period at 7.1%; the 20-year period at 6.7%; and the 30-year period at 7.6%. Once finalized, Fiscal Year performance returns are used to set contribution levels for contracting counties, cities, and special districts in the 2027-28 Fiscal Year. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

Under the current provisions of the CalPERS Asset Liability Management process, investment returns that exceed the established 6.8% discount rate require the CalPERS Board of Administration to review whether to lower the discount rate for future years. This process is included in the CalPERS Funding Risk Mitigation Policy.

The CalPERS Fiscal Year 2023-24 investment gain of 9.3% is not included as an amortization base in the most recent CalPERS valuation report and is not reflected in the numbers included herein. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

Other Post-Employment Benefits ("OPEB")

This caption contains certain information relating to the City's OPEB plan, and is primarily derived from the City's Annual Comprehensive Financial Report, City's Adopted Budget Document, and June 30, 2024, Actuarial Valuation.

Plan Description. By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees' Medical and Hospital Care Act) under a single employer defined benefit OPEB plan.

In December 2008, the City entered into an agreement with CalPERS to participate in the California Employers Retiree Benefit Trust ("CERBT"), a qualified IRS Section 115 trust managed by CalPERS, to fund the City's OPEB. CERBT is managed by an appointed board not under the control of the City Council.

The City also offers a Defined Contribution Plan ("**DC Plan**") to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account. Employees who have elected the DC Plan are not included in the City's actuarial valuation for OPEB.

Membership of the Plan consisted of the following as of June 30, 2025, the date of the latest actuarial valuation:

Active employees	372
Retired employees and beneficiaries	485
Total	<u>857</u>

Funded Status and Contributions. The City's OPEB funding policy is to contribute 100% or more of the actuarially determined contribution each year. In addition, from Fiscal Years 2014-15 to 2023-24, the City has contributed \$11.5 million in additional discretionary payments toward the OPEB liability. It should also be noted that as part of the agreement for Public Safety to join the CalPERS Health Care System, Public Safety employees are contributing an ongoing 1.2% of salary toward the OPEB liability. The following table illustrates the schedule of funding progress.

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
7/1/2011	\$53,983,939	\$82,687,793	\$28,703,854	65.3%
7/1/2013	69,469,136	94,859,256	25,390,120	73.2%
7/1/2015	90,248,788	123,829,352	33,580,564	72.9%
7/1/2017	113,380,187	147,705,981	34,325,794	76.8%
7/1/2019	136,588,600	145,040,268	8,451,668	94.2%
7/1/2021	159,515,259	148,746,771	(10,768,488)	107.2%
7/1/2023	170,132,645	163,684,239	(6,448,406)	103.9%
7/1/2025	180,627,677	180,473,397	(154,280)	100.1%

Source: City of Mountain View June 30, 2023, Actuarial Valuation

For the year ended June 30, 2025, the City's contributions totaled \$6.7 million. For the purpose of increasing the funded status of the OPEB Plan, the City contributed \$2.5 million in excess of the actuarially determined contributions during the Fiscal Year ended June 30, 2025, including \$2.0 million from the implied subsidy. The actuarially determined contributions for the Fiscal Years ending June 30, 2026, and June 30, 2027, are shown below.

	6/30/2026	6/30/2027
Actuarially Determined Contribution (ADC)	\$4,959,785	\$5,442,544
Expected employer paid benefits for retirees	7,171,414	7,340,629
Current year's implicit subsidy credit	2,132,607	2,177,964
Expected contribution to OPEB trust	(4,344,236)	(4,076,049)
Total Expected OPEB Contributions	\$4,959,785	\$5,442,544

Source: City of Mountain View June 30, 2025, Actuarial Valuation

Actuarial Methods and Assumptions. The total OPEB liability as of June 30, 2025, was determined using actuarial assumptions as follows:

Valuation date	June 30, 2025
Measurement date	June 30, 2025
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions	
Discount rate	5.60%
Inflation	2.50%
Projected salary increase	3.00%
Healthcare trend	6.5% in 2027, fluctuating down to 3.9% by 2075
Mortality	2021 CalPERS Experience Study

Changes in OPEB Liability and Funding Status. The changes in OPEB liability and funding status using the Actuarial Value of Assets and the Market Value of Assets of the City as of June 30, 2025 compared to June 30, 2023, are shown in the following table:

Changes In OPEB Liability versus Prior Valuation

	6/30/2023	6/30/2025	6/30/2025
Discount Rate	5.60%	5.60%	5.60%
Actuarial Accrued Liability (AAL)			
Explicit Liability	130,246,833	144,483,996	
Implicit Liability	33,437,406	35,989,401	
Total AAL	163,684,234	180,473,397	180,473,397
Actuarial Value (AV) or Market Value (MV) of Assets	170,132,645	180,627,677	180,473,397
Unfunded Actuarial Accrued Liability (surplus)	(6,448,406)	(154,280)	(962,555)
Funded % (ratio of Actuarial Value of Assets to AAL)	103.9%	100.1%	100.5%

Source: City of Mountain View June 30, 2025, Actuarial Valuation

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for period ended June 30, 2025:

	Discount Rate (-1%) 4.60%	Current Discount Rate 5.60%	Discount Rate + 1% 6.60%
Net OPEB Liability	\$29,329	\$6,550	\$(12,208)

Source: City of Mountain View Fiscal Year 2024-25 Annual Comprehensive Financial Report.

See Note 9 in the City's Fiscal Year 2024-25 Annual Comprehensive Financial Report, which is attached as APPENDIX C, for additional information about the City's OPEB plan.

Investment Policies and Procedures

The City invests its funds in accordance with the City's Investment Policy (the "**Investment Policy**"), which was adopted and may be revised from time to time by the City Council.

The purpose of the Investment Policy is to establish a clear understanding for the City Council, City management, responsible employees, and third parties of the objectives, policies, and guidelines for the investment of the City's idle and surplus funds; to offer guidance to investment staff and any outside advisors on the investment of City funds; and to establish a basis for evaluating investment results. The general purpose of the Investment Policy is to outline a philosophy and attitude which will guide the investment of City funds toward the desired investment goals. It is intended to be sufficiently specific to be meaningful, yet adequately flexible to be practical.

It is the policy of the City to invest public funds in a manner that will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

The primary objectives, in priority order, of the City's investment activities are safety, liquidity, and return on investment.

As of December 2025, the City has invested funds as set forth in the table below. Since the City pools all cash and investments across all funds, the balance below includes cash and investments that belong to the Shoreline Regional Park Community Fund. The amounts shown below do not include accrued interest.

Table 13
Investment Portfolio as of December 31, 2025
(\$000s)

	Market Value	Percentage of Portfolio
Investments in City Pool:		
Local Agency Investment Fund (LAIF)	\$ 35,554	3.49%
US Treasury Obligations	616,828	60.48
US Agency Securities	112,471	11.03
Medium-Term Notes	137,107	13.44
Supranational Securities	100,595	9.86
Municipal Bonds – Shoreline Regional Park Community 2018 Revenue Bonds	2,398	0.23
Money Market Mutual Funds	14,953	1.47
Total City Pool Investments	\$1,019,906	100.00%
Investments Held by Trustees:		
Money Market Funds	\$72,679	
Total Investments	\$1,092,585	

Source: City of Mountain View.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

The constitutional and statutory provisions discussed in this section have the potential to affect the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the State Constitution

On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the State Constitution. Article XIII A, as amended, limits the amount of any *ad valorem* tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) on bonded indebtedness approved by a two-thirds vote on or after July 1, 1978, for the acquisition or improvement of real property or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the proposition. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed two percent per year to account for inflation.

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

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

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

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

Article XIII B of the State Constitution

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

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

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

The City has never exceeded its appropriations limit.

Articles XIII C and XIII D of the State Constitution

General. On November 5, 1996, the voters of the State approved Proposition 218, known as the “Right to Vote on Taxes Act.” Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments, fees and charges.

On November 2, 2010, California voters approved Proposition 26, entitled the “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. The amendments to Article

XIIIC define “taxes” that are subject to voter approval as “any levy, charge, or exaction of any kind imposed by a local government,” with certain exceptions.

Taxes. Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City (“general taxes”) require a majority vote; taxes for specific purposes (“special taxes”), even if deposited in the City’s General Fund, require a two-thirds vote.

Property-Related Fees and Charges. Article XIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs.

Reduction or Repeal of Taxes, Assessments, Fees and Charges. Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. No assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City’s General Fund. If such repeal or reduction occurs, the City’s ability to pay debt service on the 2026 Bonds could be adversely affected.

Burden of Proof. Article XIIIC provides that local government “bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.” Similarly, Article XIID provides that in “any legal action contesting the validity of a fee or charge, the burden shall be on the agency to demonstrate compliance” with Article XIID.

Judicial Interpretation of Proposition 218. The interpretation and application of Articles XIIIC and XIID will ultimately be determined by the courts, and it is not possible at this time to predict with certainty the outcome of such determination.

Impact on City’s General Fund. The City does not believe that any material source of General Fund revenue is subject to challenge under Proposition 218 or Proposition 26.

The approval requirements of Articles XIIIC and XIID reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase the taxes, fees, charges or taxes in the future that it may need to meet increased expenditure needs.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of ad valorem taxes on real property by local

governmental entities except as permitted by Article XIII A, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995, in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Supreme Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of this initiative.

Proposition 1A; Proposition 22

Proposition 1A. Proposition 1A, proposed by the Legislature in connection with the State's Fiscal Year 2004-05 Budget, approved by the voters in November 2004 and generally effective in Fiscal Year 2006-07, provided that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibited the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any Fiscal Year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county had to be approved by two-thirds of both houses of the Legislature.

Proposition 22. Proposition 22, entitled "The Local Taxpayer, Public Safety and Transportation Protection Act," was approved by the voters of the State in November 2010. Proposition 22 eliminates or reduces the State's authority to (i) temporarily shift property taxes from cities, counties and special districts to schools, (ii) use vehicle license fee revenues to reimburse local governments for State-mandated costs (the State will have to use other revenues to reimburse local governments), (iii) redirect property tax increment from redevelopment agencies to any other local government, (iv) use State fuel tax revenues to pay debt service on State transportation bonds, or (v) borrow or change the distribution of State fuel tax revenues.

Possible Future Initiatives

On July 30, 2025, the Office of the Attorney General of the State received from the Howard Jarvis Taxpayers Association (the "**Jarvis Group**") a proposed statewide initiative titled Initiative 25-0006: Local Taxpayer Protection Act to Save Proposition 13 (the "**Initiative**"). If passed the Initiative would (a) raise the voter approval threshold requirement for voter-proposed local special taxes ballot measures from a simple majority (over 50%) to two-thirds, (b) prohibit voters in charter cities from approving real estate transfer taxes other than the existing transfer tax authorized by Revenue and Taxation Code section 11911, and (c) overturn all existing voter-approved property-related taxes that do not comply with the new requirements two years after the Initiative is enacted. Subsequently, the Jarvis Group submitted approximately 1,346,661 signatures in support of placing the Initiative on the ballot. The Initiative is currently in the signature verification process. Since the raw count of signatures exceeds the total number required to qualify the Initiative (i.e., 874,641 required), the Secretary of State has directed county election offices to randomly sample signatures for validation by April 21, 2026. If the result of the random sample

indicates that valid signatures represent between 95% of the 110% of the required number of signatures to qualify the Initiative for the ballot, the Secretary of State will request a full check of signatures. As of April 10, 2026, the random sample indicates a valid signature rate of 78.05%. If the Initiative is placed on the ballot (and not subject of a successful court challenge), and if State voters approve the Initiative, it would immediately invalidate all existing charter city-enacted real estate transfer taxes (regardless of whether they were approved by local voters), effective December 31, two years following statewide voter approval of the initiative. In that event, future Measure G Transfer Taxes may not be available to help fund Lease Payments supporting debt service on the 2026 Bonds. Other than what is described in the foregoing sentences, the City cannot predict whether the Initiative will qualify for the ballot, whether, if qualified, the Initiative will receive voter approval in the upcoming election, and the impact it might have on the City's ability to fund the Lease Payments supporting debt service on the 2026 Bonds.

Articles XIII A, XIII B, XIII C and XIII D and Propositions 62, 111, 218 and 1A were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

BOND OWNERS' RISKS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2026 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2026 Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors in the 2026 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2026 Bonds. There can be no assurance that other considerations will not materialize in the future.

No Pledge of Taxes

General. The obligation of the City to pay the Lease Payments and Additional Rental Payments does not constitute an obligation of the City 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. The obligation of the City to pay Lease Payments and Additional Rental Payments does not constitute a debt or indebtedness of the Authority, the City, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

The City is currently liable on other obligations payable from general revenues, which are described above under "CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations."

Limitations on Taxes and Fees

Limitations on Taxes and Fees. Certain taxes, assessments, fees and charges presently imposed by the City could be subject to the voter approval requirements of Article XIIC and Article XIID of the State Constitution. Based upon the outcome of an election by the voters, such fees, charges, assessments and taxes might no longer be permitted to be imposed, or may be reduced or eliminated and new taxes, assessments fees and charges may not be approved. The City has assessed the potential impact on its financial condition of the provisions of Article XIIC and Article XIID of the State Constitution respecting the imposition and increase of taxes, fees, charges and assessments and does not believe that an election by the voters to reduce or eliminate the imposition of certain existing fees, charges, assessments and taxes would substantially affect its financial condition. However, the City believes that if the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to Article XIIC and Article XIID of the State Constitution are eliminated or substantially reduced, the financial condition of the City, including its General Fund, could be materially adversely affected.

Although the City does not currently anticipate that the provisions of Article XIIC and Article XIID of the State Constitution would adversely affect its ability to pay Lease Payments and its other obligations payable from the General Fund, no assurance can be given regarding the ultimate interpretation or effect of Article XIIC and Article XIID of the State Constitution on the City's finances. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Additional Obligations

The Indenture allows Additional Bonds payable from additional Lease Payments subject to certain conditions set forth in the Indenture, including a requirement that the aggregate Lease Payments will not exceed the fair rental value of the Leased Property. See "SECURITY FOR THE

BONDS – Additional Bonds” and APPENDIX B. If the Additional Bonds are being issued to finance the construction of a to-be-built project, and such project is to be part of the Leased Property prior to its completion, the Supplemental Indenture authorizing the issuance of such Additional Bonds must require the deposit into a Capitalized Interest Account in the Interest Account, or a subaccount therein, of an amount sufficient to pay interest on such Additional Bonds through a date which is not less than six months after the anticipated completion date of the project, but only if such Additional Bonds are issued prior to the substantial completion of such project and only if the City is unable to make a finding that the annual fair rental value of the Leased Property prior to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments coming due and payable during each Rental Period. There is some risk that failure to complete a project that is part of the Leased Property before any capitalized interest has been fully expended could result in the fair rental value of the Leased Property being less than the scheduled Lease Payments and, in such a situation, if the proceeds of rental interruption insurance are exhausted and the reserve fund (if any) is fully depleted, abatement of the Lease Payments may occur. However, the City believes that the requirement for capitalized interest to established through a date that is not less than six months after the anticipated completion date should provide sufficient protection against this risk.

The City has existing obligations payable from its General Fund. See “CITY FINANCIAL INFORMATION – Long-Term General Fund Obligations.” The City is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of Owners of the 2026 Bonds. To the extent that additional obligations are incurred by the City, the funds available to pay Lease Payments may be decreased.

The Lease Payments and other payments due under the Lease Agreement (including payment of costs of repair and maintenance of the Leased Property, taxes and other governmental charges levied against the Leased Property) are payable from funds lawfully available to the City. If the amounts that the City is obligated to pay in a Fiscal Year exceed the City’s revenues for such year, the City may choose to make some payments rather than making other payments, including Lease Payments and Additional Rental Payments, based on the perceived needs of the City. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues or is required to expend available revenues to preserve the public health, safety and welfare.

Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Authority is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement. See APPENDIX B for a detailed description of available remedies in the case of a default under the Lease Agreement.

If a default occurs, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement. The Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the 2026 Bonds or pay debt service on the 2026 Bonds.

The City will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year’s defaulted Lease Payments. Any such suit for money damages would be subject to limitations on

legal remedies against municipalities in the State, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

Under certain circumstances related to damage, destruction, condemnation, or title defects which cause a substantial interference with the use and possession of the Leased Property, the City's obligation to make Lease Payments will be subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest on the 2026 Bonds as and when due. See "SECURITY FOR THE BONDS – Abatement" and APPENDIX B.

There will be no abatement of Lease Payments under the Lease Agreement to the extent that the proceeds of hazard insurance or rental interruption insurance are available to pay Lease Payments that would otherwise be abated. See "SECURITY FOR THE BONDS – Abatement." However, there is no assurance that the Authority will receive proceeds of hazard insurance or rental interruption insurance in time to make debt service payments on the 2026 Bonds when due.

Although the City is required under the Lease Agreement to maintain property and liability insurance with respect to the Leased Property, the required insurance coverage is subject to certain conditions and restrictions. See "SECURITY FOR THE BONDS – Property Insurance."

No Debt Service Reserve Fund

The Authority will not fund a debt service reserve fund for the 2026 Bonds. If Revenues are insufficient for the Authority to pay debt service on the 2026 Bonds when due, no debt service reserve will be available under the Indenture for the Authority to make such payments.

Property Taxes

Levy and Collection. The City does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the City's property tax revenues, and accordingly, could have an adverse impact on the ability of the City to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the City's ability to pay principal of and interest on the 2026 Bonds when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIII A was approved, the annual adjustment for inflation has fallen below the 2% limitation a limited number of times and once was negative.

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

Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the City would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the “base year” value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals in the future will not significantly reduce the City’s property tax revenues.

Natural Calamities

From time to time, the City could be subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on the City’s finances. Additionally, a natural calamity adversely affecting the Leased Property could have a negative impact of the City’s use of such property, which could result in abatement of Lease Payments. See “– Abatement” above.

Seismic. Major earthquake fault zones in the vicinity of the City include the San Andreas fault zone to the west, among others. The 1989 Loma Prieta earthquake on the San Andreas fault was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity, and caused fires and collapses of and structural damage to buildings, highways, and bridges in the San Francisco Bay region. In 2015, the 2014 Working Group on California Earthquake Probabilities (a collaborative effort of the United States Geological Survey,

the California Geological Society and the Southern California Earthquake Center) updated the 30-year earthquake forecast for California and concluded that there is a 72% probability that at least one earthquake of magnitude 6.7 or greater will strike somewhere in the San Francisco Bay region before the year 2043. Such an earthquake would likely be very destructive and property within the City could sustain significant damage in a major earthquake, and the area's economic activity could be adversely affected.

The City cannot predict how much damage may occur within the City to the Leased Property, specifically, and how much reduction in assessed valuation in the City may result from an earthquake.

Under the Lease Agreement, the City is not required to obtain earthquake insurance on the Leased Property.

Flood. The City lies on the alluvial plain of the Santa Clara Valley, with the ground surface descending from the hills south of the City toward the San Francisco Bay. The area north of U.S. 101, including the North Bayshore Area, is a low-lying region adjacent to San Francisco Bay and is subject to flooding due to stormwater runoff and high tides and is, therefore, sensitive to sea level rise impacts. Some properties in the City lie within the Federal Emergency Management Agency (FEMA) 100-year Special Flood Hazard Area and are therefore subject to specific construction and insurance requirements.

The City's storm drainage system consists of storm drain pipes, culverts, retention and detention ponds, and pump stations with outfalls to creeks. The majority of the system performs well during a 10-year storm, with most flooding contained within streets. In general, the City drains from south to north. Surface runoff enters the storm drainage system through inlets, discharges into Stevens Creek, Permanente Creek, Hale Channel, or Adobe Creek at outfall locations, and ultimately flows into San Francisco Bay. Although Adobe Creek is primarily located in Palo Alto, it does receive surface discharges from the North Bayshore Area in the City. Some coastal flood protection is provided by a complex system of levees and ponds that were constructed to reclaim the margins of San Francisco Bay, primarily for salt production and landfill protection. Although these levees provide some level of flood protection, none are accredited by FEMA.

Sea Level Rise. Sea level rise is expected to exacerbate coastal flooding and increase inundation in low-lying areas of the Shoreline Community within the City. Projected sea level rise is also expected to worsen fluvial flooding by raising water surface elevations due to backwater effects from San Francisco Bay into Stevens Creek and Permanente Creek, and subsequently into the storm drainage system that discharges into these creeks. Coastal flood protection measures identified in the City's Sea Level Rise Capital Improvement Program are being addressed to ensure the continued functionality of the Shoreline Community.

Fire Hazards. In recent years, wildfires have caused extensive damage throughout the State. Certain of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires which occurred in 2017 damaged or destroyed property in areas that were not previously considered to be at risk from such events. In November 2018, the Camp Fire occurred in Butte County, California. The Camp Fire is the deadliest and most destructive wildfire in the recorded history of the State burning more than 150,000 acres and destroying more than 11,500 structures, including most of the structures in the City of Paradise, California. Some commentators believe that climate change will lead to even more frequent and damaging wildfires in the future.

The land within the City may be susceptible to wildland fires due to a combination of factors including winds, temperatures, humidity levels, fuel moisture content of vegetation and topography. The risk to the community is increased in some areas because of the combustibility of building materials including roofs, adequacy of access roads, water supply duration, and pressure and maintenance of flammable vegetation surrounding structures.

To quantify this potential hazard, the California Department of Forestry and Fire Protection (“**Cal Fire**”) has developed a fire modeling and mapping process that utilizes three main criteria in order to evaluate and recommend potential fire hazards in wildland areas. The criteria are type of vegetation, fire weather, and topography. The maps developed by Cal Fire currently do not identify any areas within the City as Fire Hazard Severity Zones.

In the event taxable property within the City were destroyed by wildfires, the assessed valuation of such property would be reduced. Such reduction of assessed valuations could result in a reduction of property tax revenues to the City.

Droughts. California is subject to droughts from time to time. Most recently, in October, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. The declaration encouraged water agencies to draw upon supplies other than groundwater and to implement their water shortage contingency plans and authorized the State Water Resources Control Board to adopt regulations that prohibit wasteful water use. While some drought-related water restrictions were eased in May 2023, no assurance can be given that drought conditions will not return in the future.

Public Health Emergencies

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. For example, in 2020 the WHO announced that COVID-19, an upper respiratory tract illness, was a pandemic as it spread across the globe, having significant adverse health and financial impacts throughout the world. The spread of the COVID-19 coronavirus pandemic, and responses intended to slow its spread, resulted in negative health and economic impacts to various communities, including the City (on a temporary basis).

Although the COVID-19 pandemic is now in decline, future pandemics may arise in the future with similar or more adverse economic impacts. Uncertain too are the actions that may be taken by federal, State and local governmental authorities to contain or mitigate the effects of any such future outbreak.

Certain Risks Associated with Sales Tax and Other Local Tax Revenues

For Fiscal Year 2024-25, sales and use tax revenues were one of the largest source of General Fund revenue to the City. See “CITY FINANCIAL INFORMATION – Major Revenues” and “– Sales and Use Taxes.” Sales tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors.

For example, the City may enter into an economic recession. In times of economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to also decline.

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, could have an adverse effect on sales tax revenues received by the City. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS – Proposition 218 – Article XIIC and Article XIID."

For example, many categories of transactions are exempt from the statewide sales tax, and additional categories could be added in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the California Department of Tax and Fee Administration for administering the City's sales tax could also be changed.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Lease Agreement may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS" above. Furthermore, any remedies available to the owners of the 2026 Bonds upon the occurrence of an event of default under the Lease Agreement or the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Lease Agreement and the Indenture, the rights and obligations under the 2026 Bonds, the Lease Agreement and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State 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 2026 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2026 Bonds will include a qualification that the rights of the owners of the 2026 Bonds and the enforceability of the 2026 Bonds and the Indenture, the Lease Agreement and the Site Lease may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in accordance with principles of equity or otherwise in appropriate cases. See APPENDIX D — PROPOSED FORM OF OPINION OF BOND COUNSEL.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2026 Bonds were issued, as a result of future acts or omissions of the Authority or the City in

violation of their respective covenants in the Lease Agreement and the Indenture. Should such an event of taxability occur, the 2026 Bonds are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the 2026 Bonds or, if a secondary market exists, that any 2026 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

Cyber Security

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks.

The City follows a layered cybersecurity strategy that includes detection, prevention, and monitoring. This includes the implementation of citywide multi-factor authentication and an employee cybersecurity awareness program. In addition, the City contracted with an independent cyber security consulting firm, who utilized the National Institute of Technology and Standards (NIST) Cybersecurity Framework to evaluate the City's infrastructure and identify mitigation strategies. No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City.

The City is also reliant on other entities and service providers in connection with the administration of the 2026 Bonds, including without limitation the County tax collector for the levy and collection of property taxes, and the Trustee. No assurance can be given that the City and these other entities will not be affected by cyber threats and attacks in a manner that may affect the 2026 Bond owners.

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2026 Bonds will be selected for audit by the IRS. It is also possible that the market value of such 2026 Bonds might be affected as a result of such an audit of such 2026 Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Tax Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Tax Code (defined herein) or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation,

or otherwise prevent 2026 Bond owners from realizing the full current benefit of the tax status of such interest.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2026 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2026 Bonds may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the Authority comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the 2026 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2026 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2026 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2026 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2026 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2026 Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2026 Bonds who purchase the 2026 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2026 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2026 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2026 Bond (said term being the shorter of the 2026 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2026 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2026 Bond is amortized each year over the term to maturity of the 2026 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2026 Bond premium is not deductible for federal income tax purposes. Owners of premium 2026 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2026 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2026 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2026 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2026 Bonds, or as to the consequences of owning or receiving interest on the 2026 Bonds, as of any future date. Prospective purchasers of the 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2026 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2026 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2026 Bonds, the ownership, sale or disposition of the 2026 Bonds, or the amount, accrual or receipt of interest on the 2026 Bonds.

Bond Counsel's form of opinion regarding the tax status of the 2026 Bonds is attached as APPENDIX D.

CERTAIN LEGAL MATTERS

Jones Hall LLP, Bond Counsel, will render an opinion with respect to the validity of the 2026 Bonds, the form of which is set forth in APPENDIXD. Certain legal matters will also be passed upon for the City and the Authority by Jones Hall LLP, as Disclosure Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney. Certain legal matters will be passed upon for the Underwriters by their counsel, Stradling Yocca Carlson & Rauth LLP.

LITIGATION

To the best knowledge of the City, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending and notice of which has been served on and received by the City or, to the knowledge of the City, threatened against or affecting the City or the assets, properties or operations of the City which, if determined adversely to the City or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Lease

Agreement, the Site Lease or the Indenture, or upon the financial condition, assets, properties or operations of the City, and the City is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially adversely affect the consummation of the transactions contemplated by the Lease Agreement, the Site Lease or the Indenture, or the financial conditions, assets, properties or operations of the City, including but not limited to the payment and performance of the City's obligations under the Lease Agreement.

Although the City does not believe it would adversely impact the City's ability to pay its Lease Payments when due, the City notes that, in 2020, San Francisco Baykeeper filed a lawsuit in federal court against the City of Sunnyvale and the City of Mountain View (USDC Case No. 20-cv-00824-EJD), alleging violations of the Clean Water Act. On March 31, 2026, the court issued findings of fact and conclusions of law ("March 31 Order") imposing \$1,178,400 in civil penalties against each city. The March 31 Order also defers ruling on a permanent injunction and directs the parties to submit additional briefing on the matter. In addition to paying civil penalties, the cities will more likely than not be required to pay attorneys' fees, the amount of which is currently unknown but may exceed \$1 million per city.

RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), has assigned its municipal bond rating of "AA+" to the 2026 Bonds.

This rating reflects only the views of S&P, and an explanation of the significance of this rating, and any outlook assigned to or associated with this rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement).

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2026 Bonds may have an adverse effect on the market price or marketability of the 2026 Bonds.

CONTINUING DISCLOSURE

The City (on behalf of the Authority and itself) will covenant for the benefit of owners of the 2026 Bonds to provide certain financial information and operating data relating to the City (the "**Annual Report**"), by not later than seven months after the end of the City's Fiscal Year (presently June 30) and commencing January 31, 2027, with the report for the Fiscal Year ending June 30, 2026, and to provide notices of the occurrence of certain listed events.

These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report or the notices of listed events is set forth in "APPENDIX E — FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The City, on its own behalf and on behalf of related entities, has entered into a number of prior continuing disclosure undertakings under the Rule in connection with the issuance of long-term obligations, and has provided annual financial information and event notices in accordance with those undertakings. Based on a third-party compliance review, the City is not aware of any material failures to comply with prior undertakings by it or its related entities during the past five years.

The City has engaged Urban Futures, Inc., Walnut Creek, California, to serve as its dissemination agent and assist the City in complying with its continuing disclosure undertakings. To further ensure such compliance, the City has adopted policies and procedures related thereto.

UNDERWRITING

The 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (“**Stifel**”), and Morgan Stanley & Co. LLC (collectively, the “**Underwriters**”), at a purchase price of \$_____ (which represents the aggregate principal amount of the 2026 Bonds (\$_____), plus an original issue premium/less an original issue discount of \$_____, less an Underwriters’ discount of \$_____).

The purchase agreement relating to the 2026 Bonds provides that the Underwriters will purchase all of the 2026 Bonds, if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase agreement.

The Underwriters may offer and sell the 2026 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters.

Morgan Stanley & Co. LLC, an underwriter of the 2026 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2026 Bonds.

Stifel 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. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the City or Authority and to persons and entities with relationships with the City or Authority, for which they received or will receive customary fees and expenses. In the ordinary course of these business activities, Stifel 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 or Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the City or Authority. Stifel 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 or Authority.

MUNICIPAL ADVISOR

The Authority has appointed Urban Futures, Inc., Walnut Creek, California, as its Municipal Advisor (the “**Municipal Advisor**”) in connection with the issuance of the 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent registered municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PROFESSIONAL FEES

In connection with the issuance of the 2026 Bonds, fees or compensation payable to certain professionals are contingent upon the issuance and delivery of the 2026 Bonds. Those professionals include:

- the Underwriters;
- Jones Hall LLP, as Bond Counsel and Disclosure Counsel;
- Stradling Yocca Carlson & Rauth LLP, as Underwriters’ Counsel;
- Urban Futures, Inc., as municipal advisor; and
- U.S. Bank Trust Company, National Association, as Trustee.

EXECUTION

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

CITY OF MOUNTAIN VIEW CAPITAL
IMPROVEMENTS FINANCING AUTHORITY

By: _____
Manager

CITY OF MOUNTAIN VIEW

By: _____
City Manager

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APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF MOUNTAIN VIEW AND THE COUNTY OF SANTA CLARA

The following information concerning the City of Mountain View (the “City”) and the County of Santa Clara (the “County”) is included only for the purpose of supplying general information regarding the area of the City. The 2026 Bonds are not a debt of the City, the County, the State of California (the “State”) or any of its political subdivisions (other than the Authority), and none of the City, the County, the State or any of its political subdivisions (other than the Authority) is liable therefor.

General

The City. Incorporated November 7, 1902, the City is one of the major cities that makes up Silicon Valley. Many of the largest technology companies including Google, Mozilla Foundation, Symantec, and Intuit are headquartered in the City. The City borders Palo Alto and the San Francisco Bay to the north, Los Altos to the south, and Moffett Federal Airfield and Sunnyvale to the east. The City operates under a council-manager form of government. Policy-making and legislative authority are vested with the city council, which is composed of seven council members elected by seat number for staggered four-year terms, with a two-term limit. In January of each year, the council elects one of its members as mayor and another as vice mayor.

The County. The County covers an area of over 1,300 square miles and is located south of the San Francisco Bay in northern California. There are two distinct valleys in the County, which are referred to as North County and South County. South County has more of an agricultural base. As a contrast, North County is densely populated, heavily industrialized and extensively urbanized. This part of the County is comprised of 13 cities, each adjacent to another. Due to its high concentration of high-technology industries, the northwestern portion of North County is commonly referred to as "Silicon Valley". Several small lakes and reservoirs are scattered across the County, and the highest peak can be found in San José at Mount Hamilton, with an elevation of 4,213 feet. Several major highways serve the County, including Highway 101 providing access to San Francisco and Los Angeles.

Population

The following table lists population figures for the City and the County for the last five calendar years.

SANTA CLARA COUNTY
Population Estimates
Calendar Years 2021 through 2025
(As of January 1st)

<u>Area</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Campbell	43,461	43,010	43,320	43,377	43,281
Cupertino	59,915	59,464	59,861	59,887	59,831
Gilroy	59,910	59,686	60,860	61,531	62,205
Los Altos	31,383	31,211	31,474	31,523	31,720
Los Altos Hills	8,459	8,389	8,490	8,520	8,548
Los Gatos	33,266	33,056	33,519	33,500	33,355
Milpitas	80,358	80,707	81,980	82,401	81,915
Monte Sereno	3,462	3,488	3,583	3,613	3,637
Morgan Hill	46,267	46,069	46,449	46,573	46,599
Mountain View	83,456	83,848	84,731	86,674	86,513
Palo Alto	67,849	67,791	68,468	68,570	68,794
San José	994,319	970,089	978,546	980,174	979,415
Santa Clara	129,747	130,567	133,469	133,829	134,587
Saratoga	30,878	30,638	30,937	31,020	31,110
Sunnyvale	155,259	155,936	158,006	158,948	159,673
Balance Of County	85,605	90,878	91,472	91,266	91,076
County Total	1,913,594	1,894,827	1,915,165	1,921,406	1,922,259

Source: State Department of Finance estimates (as of January 1).

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Employment and Industry

The City is part of the San José-Sunnyvale-Santa Clara Metropolitan Statistical Area (“MSA”), which is comprised of the County and San Benito County. The unemployment rate in the MSA was 4.3% in January 2026, up from a revised 4.0% in December 2025, and unchanged from the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 5.5% for the State and 4.7% for the nation during the same period. The unemployment rate was 7.2% in San Benito County, and 4.2% in the County.

The table below list employment by industry group for the years 2021 through 2025.

SAN JOSÉ-SUNNYVALE-SANTA CLARA MSA
(San Benito and Santa Clara Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force ⁽¹⁾	1,020,000	1,043,000	1,056,200	1,057,600	--
Employment	969,000	1,013,300	1,018,100	1,013,100	--
Unemployment	51,000	29,700	38,100	44,400	--
Unemployment Rate	5.0%	2.9%	3.6%	4.2%	--
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	5,000	4,800	4,700	4,900	5,000
Mining and Logging	200	200	200	200	200
Construction	51,700	53,800	53,900	53,200	52,500
Manufacturing	125,700	133,200	131,100	126,400	127,500
Wholesale Trade	28,300	28,900	28,900	28,200	28,000
Retail Trade	73,700	73,600	73,700	72,200	72,200
Transportation, Warehousing, Utilities	15,100	16,700	16,900	16,700	16,900
Information	107,100	106,000	97,700	94,800	97,000
Finance and Insurance	23,400	22,500	22,000	21,100	21,100
Real Estate and Rental and Leasing	15,100	15,700	15,800	15,600	15,600
Professional and Business Services	284,100	295,700	290,400	282,800	277,200
Educational and Health Services	178,400	187,000	197,100	208,600	217,400
Leisure and Hospitality	79,000	96,700	101,900	103,100	103,000
Other Services	22,800	25,400	26,500	27,300	28,000
Federal Government	10,500	10,200	10,100	10,100	10,100
State Government	6,900	7,000	7,000	7,000	6,800
Local Government	76,000	78,700	81,100	83,200	84,800
Total, All Industries ⁽³⁾	1,102,800	1,155,800	1,158,800	1,155,500	1,163,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Principal Employers

The following table shows the principal private employers in the City, as shown in the Annual Comprehensive Financial Report for Fiscal Year ending June 30, 2025.

CITY OF MOUNTAIN VIEW Principal Employers

Employer	Percent of Total Employment
Google LLC	19.1%
El Camino Health	2.8
Intuit Inc.	2.8
Microsoft Corporation	2.5
LinkedIn Corporation	2.1
Waymo LLC	1.4
Palo Alto Medical Foundation	0.8
Mountain View Whisman School District	0.5
Bytedance	0.5
Nuro, Inc.	0.4

Source: City of Mountain View, Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

Major Employers

The table below lists the major employers in the County, listed alphabetically.

SANTA CLARA COUNTY Major Employers April 2026

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Adobe Inc	San Jose	Prepackaged Software
Advanced Micro Devices Inc	Santa Clara	Semiconductor Devices (mfrs)
Alphabet Inc	Mountain View	Internet Search Engines
Analog Devices Inc	San Jose	Semiconductor Devices-Wholesale
Apple Inc	Cupertino	Computers-Electronic-Manufacturers
Applied Materials Inc	Santa Clara	Semiconductor Manufacturing Equip (mfrs)
CA Inc	San Jose	Computer Software Application Svc Prvdrs
California's Great America	Santa Clara	Amusement & Theme Parks
Christopher Ranch LLC	Gilroy	Garlic (mfrs)
Cisco Systems Inc	San Jose	Computer Peripherals (mfrs)
Ebay Inc	San Jose	Online Retailers & Marketplaces
HP Inc	Palo Alto	Computers-Electronic-Manufacturers
Intel Corp	Santa Clara	Semiconductor Devices (mfrs)
Intuitive Surgical Inc	Sunnyvale	Orthopedic Prosthetic/Srgcl Appl (mfrs)
Kaiser Foundation Health Plan	Santa Clara	Health Services
Lockheed Martin Space Systems	Sunnyvale	Satellite Equipment & Systems-Mfrs
NASA	Mountain View	Federal Government-Space Research & Technolog
Netapp Inc	San Jose	Computer Storage Devices (mfrs)
NVIDIA Corp	Santa Clara	Software/Application/Platform Developers & Pr
Palo Alto VA Medical Ctr	Palo Alto	Hospitals
Prime Materials	San Jose	Semiconductors & Related Devices (mfrs)
San Jose Convention-Visitors	San Jose	Recreation Centers
SAP Center	San Jose	Stadiums Arenas & Athletic Fields
Stanford University Sch-Mdcn	Stanford	Schools-Medical
Super Micro Computer Inc	San Jose	Computers-Electronic-Manufacturers

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 1st edition.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2025 in the City were reported to be \$1,289,973,489, a 2.78% increase over the total taxable sales of \$1,255,076,233 reported during the first three quarters of calendar year 2024.

CITY OF MOUNTAIN VIEW
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	1,384	\$961,724	2,566	\$1,381,258
2021	1,263	1,140,334	2,310	1,662,339
2022	1,245	1,354,131	2,307	1,956,440
2023	1,184	1,361,684	2,229	1,886,743
2024	1,178	1,347,329	2,237	1,692,493

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2025 in the County were reported to be \$41,627,542,739, representing a 0.39% decrease from the total taxable transactions of \$41,790,806,471 that were reported in the County during the first three quarters of calendar year 2024.

COUNTY OF SANTA CLARA
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	30,969	\$27,467,410	55,395	\$46,444,650
2021	28,365	31,393,299	51,015	52,994,694
2022	28,214	33,619,773	51,222	57,738,947
2023	27,227	33,369,250	49,698	57,098,298
2024	27,465	33,980,830	50,447	57,527,704

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF MOUNTAIN VIEW Building Permit Valuation For Calendar Years 2020 through 2024 (Dollars in Thousands)⁽¹⁾

	2020	2021	2022	2023	2024
<u>Permit Valuation</u>					
New Single-family	\$4,438.6	\$43,257.9	\$17,344.9	\$35,528.9	\$35,803.8
New Multi-family	0.0	40,570.2	240,152.9	104,834.8	42,948.2
Res. Alterations/Additions	1,984.2	25,122.5	33,136.9	26,037.3	22,812.8
Total Residential	6,422.8	108,950.6	290,634.7	166,401.0	101,564.8
New Commercial	50.0	914.0	95,428.0	54,097.4	7,810.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	15.0	94,780.3	134,116.6	15,474.6	3,707.2
Com. Alterations/Additions	12,027.3	95,974.2	135,799.8	103,553.4	37,470.4
Total Nonresidential	12,092.3	191,668.5	365,344.4	173,125.4	48,987.6
<u>New Dwelling Units</u>					
Single Family	14	147	59	126	110
Multiple Family	0	399	1,565	322	85
TOTAL	14	546	1,624	448	195

(1) Totals may not add due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

SANTA CLARA COUNTY Building Permit Valuation For Calendar Years 2020 through 2024 (Dollars in Thousands)⁽¹⁾

	2020	2021	2022	2023	2024
<u>Permit Valuation</u>					
New Single-family	\$465,531.8	\$604,388.6	\$558,633.4	\$534,061.1	\$556,911.7
New Multi-family	384,856.1	488,538.1	1,239,445.8	882,779.3	441,419.0
Res. Alterations/Additions	314,179.3	351,100.6	392,595.4	374,279.1	503,549.0
Total Residential	1,164,567.2	1,444,027.3	2,190,674.6	1,791,119.5	1,501,879.7
New Commercial	1,216,184.5	309,537.0	774,988.7	329,197.5	387,581.5
New Industrial	72,481.3	8,982.3	0.0	2,099.0	65,000.0
New Other	145,437.8	451,952.6	623,244.7	192,452.6	225,979.8
Com Alterations/Additions	1,382,406.5	812,157.1	1,249,080.3	2,150,379.3	1,113,277.6
Total Nonresidential	2,816,510.1	1,582,629.0	2,647,313.7	2,674,128.4	1,791,838.9
<u>New Dwelling Units</u>					
Single Family	1,329	1,789	1,538	1,210	1,316
Multiple Family	2,245	3,210	6,765	4,776	2,017
TOTAL	3,574	4,999	8,303	5,986	3,333

(1) Totals may not foot due to rounding.

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and non-tax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), non-tax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2022 through 2026.

**CITY OF MOUNTAIN VIEW,
SANTA CLARA COUNTY,
THE STATE OF CALIFORNIA AND THE UNITED STATES
Effective Buying Income
As of January 1, 2022 through 2026**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2022	City of Mountain View	\$6,715,404	\$133,995
	Santa Clara County	113,347,038	118,652
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of Mountain View	\$6,618,894	\$137,209
	Santa Clara County	112,532,636	121,559
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of Mountain View	\$6,885,795	\$144,662
	Santa Clara County	114,948,530	125,048
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of Mountain View	\$7,091,547	\$145,030
	Santa Clara County	118,437,858	128,178
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of Mountain View	\$7,819,390	\$158,166
	Santa Clara County	130,688,430	138,593
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433

Source: Claritas, LLC

APPENDIX B

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of the provisions of the Site Lease, Lease Agreement and the Indenture of Trust relating to the Bonds. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof.

DEFINITIONS

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Additional Bonds” means Additional Bonds issued in accordance with the Indenture.

“Additional Rental Payments” means the amounts of additional rental which are payable by the City under the Lease Agreement.

“Bond Counsel” means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys appointed by or acceptable to the Authority of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Bond Year” means each twelve-month period extending from May 2 in one calendar year to May 1 of the succeeding calendar year, both dates inclusive; except that the first Bond Year commences on the Closing Date and extends to and including May 1, 2026.

“Bonds” means the 2026 Bonds and any Additional Bonds.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and their respective counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, municipal advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Federal Securities” means: (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged; (b) obligations of any agency, department or instrumentality of the

United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Final Completion” means, with respect to the acquisition and construction of the Public Safety Building with the proceeds of the 2026 Bonds, the substantial readiness of the Public Safety Building for use and occupancy by the City, as evidenced by the delivery to the Trustee of a certificate of completion.

“Fiscal Year” means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Authority as its official fiscal year period.

“Indenture” means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions thereof.

“Insurance and Condemnation Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Lease Payment Date” means, with respect to any Interest Payment Date, the Business Day immediately preceding such Interest Payment Date.

“Lease Payments” means the amounts payable by the City under the Lease Agreement as rental for the Leased Property, including any prepayment thereof and including any amounts payable upon a delinquency in the payment thereof.

“Leased Property” means the real property described in Appendix A to the Lease Agreement, together with all improvements and facilities at any time situated thereon.

“Net Proceeds” means amounts derived from any policy of casualty insurance or title insurance with respect to the Leased Property, or the proceeds of any taking of the Leased Property or portion thereof in eminent domain proceedings (including sale under threat of such proceedings), to the extent remaining after payment therefrom of all expenses incurred in the collection and administration thereof.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the Indenture; and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Bond registration books of the Trustee.

“Permitted Encumbrances” means, as of any time: (a) liens for general ad valorem taxes and assessments, if any, not then delinquent, or which the City may permit to remain unpaid under Article V of the Lease; (b) the Site Lease, the Lease and the Assignment Agreement; (c) with respect to Assessor’s Parcel No. 158-10-032, the unrecorded Ground Lease Agreement dated May 1, 2015, by and between the City and the Mountain View Chamber of Commerce, a California

corporation, as amended from time to time in accordance with its terms; (d) with respect to Assessor's Parcel No. 158-10-032, the unrecorded Lease dated October 1, 2017, by and between the City and Wayne Liu and Xiaolin Xu d.b.a. The Mountain View Bean Scene for the Performing Arts Café, as amended from time to time in accordance with its terms; (e) with respect to Assessor's Parcel No. 158-10-032, one or more unrecorded facility license agreements as they may be executed from time to time; (f) any right or claim of any mechanic, laborer, material man, supplier or vendor not filed or perfected in the manner prescribed by law; (g) the exceptions disclosed in the title insurance policy with respect to the Leased Property issued as of the Closing Date by Stewart Title Guaranty; and (h) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the City certifies in writing will not materially impair the use of the Leased Property for its intended purposes.

"Permitted Investments" means any of the following:

- (a) any direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), for which the full faith and credit of the United States of America are pledged.
- (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.
- (c) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P.
- (d) Interest-bearing deposit accounts (including certificates of deposit placed by a third party pursuant to a separate agreement between the Authority and the Trustee), time deposits, bank deposit products, trust funds, trust accounts, interest bearing deposits, overnight bank deposits or interest bearing money market accounts in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee or any of its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P; or (ii) such deposits are fully insured by the Federal Deposit Insurance Corporation or secured at all times by collateral described in (a) or (b) above.
- (e) Commercial paper rated "A-1+" or better by S&P.
- (f) Federal funds or bankers acceptances with a maximum term of one year of any bank which an unsecured, uninsured and unguaranteed obligation rating of "A-1+" or better by S&P.
- (g) Money market mutual 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 at least AAAm-G, AAAm or AAm, which funds may include funds for which the Trustee, its

affiliates, parent or subsidiaries provide investment advisory, custodial, transfer agency or other management services, and for which they receive and retain a fee for such services. Money market funds permitted under this paragraph shall not include funds with a floating net asset value.

- (h) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P, or (b) fully secured as to the payment of principal and interest by Permitted Investments described in clauses (a) or (b).
- (i) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated A or better by S&P.
- (j) Bonds or notes issued by any state or municipality which are rated A or better by S&P.
- (k) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the financial strength of which is rated A or better by S&P at the time of initial investment.
- (l) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Project" means the public capital improvements described in the Lease.

"Project Costs" means, with respect to the Project, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the Improvements;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the Project;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the Project;
- (d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project;
- (e) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the Project;

(f) all Costs of Issuance of the Bonds and other financing costs incurred in connection with the acquisition, construction and installation of the Project; and

(g) the interest components of the Lease Payments allocable to the Project or any component thereof, which come due during the period of acquisition, construction and installation of the improvements or such component.

“Project Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Rental Period” means each twelve-month period extending from May 2 in one calendar year to May 1 of the succeeding calendar year, both dates inclusive; except that the first Rental Period commences on the Closing Date and extends to and including May 1, 2027.

“Revenues” means: (a) all amounts received by the Authority or the Trustee under or with respect to the Lease Agreement, including, without limiting the generality of the foregoing, all of the Lease Payments (including both timely and delinquent payments and any late charges, paid from any source), but excluding any Additional Rental Payments; and (b) all interest, profits or other income derived from the investment of amounts in any fund or account established under the Indenture.

“Site Lease Payment” means (i) the amount of up-front rent which is payable under the Site Lease in consideration of the lease of the Leased Property by the City to the Authority thereunder and (ii) the amount payable by the Authority to the City on the Closing Date for any Additional Bonds under the Site Lease, as amended.

“S&P” means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC business, its successors and assigns.

“Supplemental Indenture” means any indenture hereafter 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 Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term” means, with reference to the Lease Agreement, the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

“Term Bonds” means (i) the Bonds designated as term bonds in the Indenture and (ii) with respect to any Additional Bonds, such Bonds identified as term bonds in a Supplemental Indenture.

“Trustee” means U.S. Bank Trust Company, National Association, a national banking association organized and existing under the laws of United States of America, or its successor or successors, as Trustee hereunder as provided in the Indenture.

“Written Certificate,” “Written Request” and “Written Requisition” of the Authority or the City mean, respectively, a written certificate, request or requisition signed in the name of the Authority or the City 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 shall be read and construed as a single instrument.

“2026 Bonds Account of the Costs of Issuance Fund” means the account by that name established and held by the Trustee in the Costs of Issuance Fund under the Indenture.

“2026 Bonds Account of the Project Fund” means the account by that name established and held by the Trustee in the Project Fund under the Indenture.

SITE LEASE

Under the Site Lease, the City agrees to lease the Leased Property to the Authority in consideration of the payment by the Authority of the Site Lease Payment on the Closing Date. The Authority agrees to cause the full amount of the Site Lease Payment to be raised from the proceeds of the Bonds, and to cause the Site Lease Payment to be deposited in the Costs of Issuance Fund and the Project Fund. No further rent payment is due by the Authority for the lease of the Leased Property under the Site Lease. The Site Lease is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds. In the event of any release or substitution of property under the Lease Agreement as described below, the description of the property leased under the Site Lease will be modified accordingly.

LEASE AGREEMENT

Lease of Leased Property; Term

Under the Lease Agreement (also referred to herein as the "Lease"), the Authority leases the Leased Property back to the City. The Lease Agreement is for a term commencing on the Closing Date and extending to the date on which no Bonds remain outstanding under the Indenture, but not later than ten years following the final stated maturity date of the Bonds.

Lease Payments

The City agrees to pay semiannual Lease Payments, subject to abatement as described below, as the rental for the use and occupancy of the Leased Property. On each Lease Payment Date (as it may be amended in connection with the issuance of Additional Bonds), the City is obligated to deposit with the Trustee the full amount of the Lease Payments coming due and payable on the next Interest Payment Date, to the extent required to be paid by the City under the Lease Agreement. Any amount held in the Bond Fund, the Interest Account or the Principal Account on any Lease Payment Date (other than amounts specifically required to be credited to the prepayment of Lease Payments), will be credited towards the Lease Payment then coming due and payable.

Source of Payments

The Lease Payments are payable from any source of available funds of the City, subject to the provisions of the Lease Agreement relating to abatement.

Budget and Appropriation

The City covenants to take all actions required to include the Lease Payments in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all Lease Payments and Additional Rental Payments. Such covenant constitutes a duty imposed by law and each and every public official of the City is required to take all actions required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Option to Prepay

The City has the option to prepay the principal components of the Lease Payments in whole, or in part in any integral multiple of \$5,000, from any source of legally available funds, on any date on which the Bonds are subject to optional redemption, at a prepayment price equal to the aggregate principal components of the Lease Payments to be prepaid, together with the interest component of the Lease Payment required to be paid on such date, and together with a prepayment premium equal to the premium (if any) required to be paid on the resulting redemption of Bonds under the Indenture.

Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain

The City shall prepay the principal components of the Lease Payments allocable to the Leased Property in whole or in part on any date, from and to the extent of any Net Proceeds of insurance award or eminent domain award with respect to the Leased Property theretofore deposited in the Redemption Fund for that purpose under the Indenture. Such Net Proceeds, to the extent remaining after payment of any delinquent Lease Payments, will be credited towards the City's obligations and applied to the corresponding redemption of Bonds.

Security Deposit

Notwithstanding any other provision of the Lease Agreement, the City may on any date secure the payment of the Lease Payments allocable to the Leased Property in whole or in part by depositing with the Trustee an amount of cash which, together with other available amounts on deposit in the funds and accounts established under the Indenture, is either:

- (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in the Lease Agreement, or
- (b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an independent certified public accountant, (which opinion must be addressed and delivered to the Trustee), together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay such Lease Payments when due under the Lease Agreement, as the City instructs at the time of said deposit.

If the City makes a security deposit under the Lease Agreement with respect to all unpaid Lease Payments, and notwithstanding the provisions of the Lease Agreement, (a) the Term of the Lease will continue, (b) all obligations of the City under the Lease, and all security provided by the Lease for said Lease Payments, will thereupon cease and terminate, excepting only the obligation of the City to make, or cause to be made all of said Lease Payments from such security deposit, and (c) under the Lease Agreement, title to the Leased Property will vest in the City on the date of said deposit automatically and without further action by the City or the Authority. Said security deposit constitutes a special fund for the payment of Lease Payments in accordance with the provisions of the Lease.

Substitution of Property

The City has the option at any time and from time to time during the term of the Lease Agreement to substitute other real property (the "Substitute Property") for the Leased Property or portion thereof (the "Former Property") provided that the City must satisfy all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Santa Clara County Recorder sufficient memorialization of an amendment to the Lease Agreement that adds the legal description of the Substitute Property to the Lease Agreement and deletes therefrom the legal description of the Former Property, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.
- (c) The City has obtained a CLTA policy of title insurance insuring the City's leasehold estate in the Substitute Property, subject only to Permitted Encumbrances, together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) if applicable, a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed substitution will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the substitution, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.
- (d) The City has certified in writing to the Authority and the Trustee that the Substitute Property serves the municipal purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City.
- (e) The Substitute Property does not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.
- (f) The City has filed with the Authority and the Trustee a written certificate of the City or other written evidence stating that the useful life of the Substitute Property at least extends to the final maturity date of the Bonds, that the estimated value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the Leased Property, after substitution of the Substitute Property and release of the Former Property, is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.
- (g) The City has mailed written notice of such substitution to each rating agency which then maintains a rating on the Bonds.

Following the date on which all of the foregoing conditions precedent to such substitution are satisfied, the term of the Lease Agreement ceases with respect to the Former Property and continues with respect to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The City will not be entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such substitution.

Release of Property

The City has the option at any time and from time to time during the term of the Lease Agreement to release any portion of the Leased Property from the Lease Agreement (the "Released Property") provided that the City must satisfy all of the requirements set forth in the Lease Agreement, including the following:

- (a) No Event of Default has occurred and is continuing.
- (b) The City has filed with the Authority and the Trustee, and caused to be recorded in the office of the Santa Clara County Recorder sufficient memorialization of an amendment of the Lease Agreement, the Site Lease and the Assignment Agreement which removes the Released Property from the Site Lease, the Assignment Agreement and the Lease Agreement.
- (c) The City has certified in writing to the Authority and the Trustee that the value of the property which remains subject to the Lease Agreement following such release is at least equal to the aggregate Outstanding principal amount of the Bonds, and the fair rental value of the property which remains subject to the Lease Agreement following such release is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement.
- (d) The City has mailed written notice of such release to each rating agency which then maintains a rating on the Bonds.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon end as to the Released Property. The City is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The Authority and the City will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, the Lease Agreement and the Assignment Agreement of record against the Released Property.

Notwithstanding any other provision of the Lease Agreement, including the provisions described above, upon Final Completion of the Public Safety Building, the City will have the absolute right to make the Public Safety Building and its related site the Leased Property subject to the Lease Agreement and the Site Lease, and to release the Civic Center Complex from the Lease Agreement and the Site Lease without meeting the conditions set forth above. See "THE LEASED PROPERTY – Release of Leased Property – *Release of Civic Center Complex*" in the Official Statement.

Addition of Property

The City may, at any time it deems it necessary or advisable, amend the Lease Agreement, and enter into any necessary or advisable site or ground lease, to add additional property to the property originally leased thereunder.

If the addition to the Leased Property (the “**Addition**”) is being done in connection with the issuance of Additional Bonds, the following requirements shall apply:

(a) The City shall have certified in writing to the Authority and the Trustee that (i) the Addition serves the purposes of the City and constitutes property which the City is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the City and to serve an essential governmental function of the City, (ii) the useful life of the Addition at least extends to the final maturity date of the Bonds or such later date specified in the Lease Agreement, (iii) the estimated value of the Leased Property (including the Addition) is at least equal to the aggregate Outstanding principal amount of the Bonds, and (iv) the fair rental value of the Leased Property (including the Addition) is at least equal to the Lease Payments thereafter coming due and payable hereunder. For the purposes of the certification described in clause (iv), the City may, if necessary to make such certification, assume completion of construction of the Addition if the Addition is being constructed with proceeds of the Additional Bonds as long as capitalized interest has been deposited in accordance with Section 2.08(h) of the Indenture.

(b) The City shall have delivered to the Authority and the Trustee an Opinion of Bond Counsel to the effect that the amendment hereto has been duly authorized, executed and delivered and the Lease Agreement as so amended represents a valid and binding obligation of the City and the Authority and that the Addition will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(c) The City shall cause to be recorded in the Office of the Santa Clara County Recorder sufficient memorialization of an amendment hereof that adds the legal description of the Addition to Appendix A of the Lease Agreement, and has filed and caused to be recorded corresponding amendments to the Site Lease and Assignment Agreement.

(d) The City shall have delivered to the Authority and the Trustee a CLTA standard form policy of title insurance in substantially the same form as delivered in connection with the issuance and delivery of the Bonds insuring the City’s leasehold interest in the Addition to the Leased Property hereunder, together with (i) an endorsement thereto making such policy payable to the Trustee for the benefit of the Owners, (ii) a tie-in endorsement such that the total insured amount under the title insurance policies then in effect with respect to the Leased Property following the proposed Addition will be at least equal to the aggregate principal amount of outstanding Bonds at the time of the Addition, and (iii) a certificate of the City to the effect that the exceptions, if any, contained in such policy do not interfere with the beneficial use and occupancy of the Leased Property by the City.

(e) The City shall have delivered to the Authority and the Trustee a copy of a written notice that the City mailed to each rating agency then rating the Bonds notifying the rating agency of the Addition.

Upon the satisfaction of all such conditions precedent, the Term of the Lease Agreement will thereupon commence as to the Addition, and all references to the Leased Property will apply with full force and effect to the Addition.

Amendment of Site Lease and Assignment Agreement

The Authority and the City shall amend the Site Lease and the Assignment Agreement as necessary in order to accomplish any Substitution, Release or Addition of property pursuant to the Lease Agreement.

Maintenance, Utilities, Taxes and Modifications

The City, at its own expense, has agreed to maintain or cause to be maintained the Leased Property in good repair; the Authority has no responsibility for such maintenance. The City is also obligated to pay all taxes and assessments charged to the Leased Property. The City has the right under the Lease Agreement to remodel the Leased Property and to make additions, modifications and improvements to the Leased Property, provided that the City certifies to the Trustee that the estimated value of the Leased Property, upon completion of any such additions, modifications and improvements to the Leased Property is at least equal to the aggregate Outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable under the Lease Agreement. The City will not permit any mechanic's or other lien to be established or to remain against the Leased Property, except that the City has the right in good faith to contest any such lien.

The limitations set forth in the Lease Agreement will not apply to the construction of the Public Safety Building on the Public Safety Building Site or demolition of the Police Department building on the Public Safety Building Site.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained the following insurance against risk of physical damage to the Leased Property and other risks for the protection of the Bond Owners, the Authority and the Trustee:

Public Liability and Property Damage Insurance. The City shall maintain or cause to be maintained throughout the Term of the Lease Agreement, but only if and to the extent available from reputable insurers at reasonable cost in the reasonable opinion of the City, a standard commercial general liability insurance policy or policies in protection of the Authority, the City, and their respective members, officers, agents, employees and assigns. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such policy or policies shall provide coverage in such liability limits and be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City, or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance.

The proceeds of such liability insurance must be applied toward extinguishment or satisfaction of the liability with respect to which paid.

If any insurance required pursuant to this provision is provided in the form of self-insurance, the City must file with the Trustee annually, within 90 days following the close of each Fiscal Year, a statement of the risk manager of the City or an independent insurance adviser engaged by the City identifying the extent of such self-insurance and stating the determination that the City maintains sufficient reserves with respect thereto. If any such insurance is provided in the form of self-insurance by the City, the City has no obligation to make any payment with respect to any insured event except from those reserves.

Property Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to all insurable improvements situated on the Leased Property, in an amount at least equal to the lesser of (a) 100% of the aggregate of the replacement value of each insured improvement considered separately, or (b) 100% of the aggregate principal amount of the Outstanding Bonds. Such insurance must, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and must include earthquake insurance if available at commercially reasonable cost from reputable insurers in the judgment of the City. Such insurance may be subject to such deductibles as the City deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in "Damage, Destruction and Eminent Domain" below.

Rental Interruption Insurance. The City shall procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of any portion of the Leased Property constituting buildings or other improvements as a result of any of the hazards covered in the insurance required by the casualty insurance described above in an amount at least equal to the maximum such Lease Payments coming due and payable during any consecutive two Fiscal Years. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the City, and may be maintained in whole or in part in the form of the participation by the City in a joint powers agency or other program providing pooled insurance; provided that such insurance may not be maintained by the City in the form of self-insurance. The Net Proceeds of such insurance, if any, must be paid to the Trustee and deposited in the Bond Fund, to be applied as a credit towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Recordation and Title Insurance. On or before the Closing Date the City shall, at its expense, (a) cause the Site Lease, the Assignment Agreement and the Lease Agreement, or a memorandum thereof or thereof in form and substance approved by Bond Counsel, to be recorded in the office of the Santa Clara County Recorder, and (b) obtain a CLTA title insurance policy insuring the City's leasehold estate in the Leased Property, subject only to Permitted Encumbrances, in an amount at least equal to the aggregate principal amount of the Bonds. All Net Proceeds received under any such title insurance policy must be deposited with the Trustee

in the Bond Fund to be credited towards the prepayment of the remaining Lease Payments under the Lease Agreement.

Damage, Destruction and Eminent Domain

Application of Net Proceeds. The Trustee, as assignee of the Authority under the Assignment Agreement, has the right to receive all Net Proceeds. As provided in the Indenture, the Trustee will deposit all Net Proceeds in the Insurance and Condemnation Fund to be applied as set forth in the Indenture.

Termination or Abatement Due to Eminent Domain. If the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement thereupon ceases as of the day possession is taken. If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, then:

(a) the Lease Agreement shall continue in full force and effect with respect thereto and does not terminate by virtue of such taking, and the parties waive the benefit of any law to the contrary; and

(b) the Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property.

Abatement Due to Damage or Destruction. The Lease Payments are subject to abatement during any period in which by reason of damage or destruction (other than by eminent domain which is addressed above) there is substantial interference with the use and occupancy by the City of the Leased Property or any portion thereof. The Lease Payments are subject to abatement in an amount determined by the City such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property not damaged or destroyed. The abatement will continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction. In the event of any such damage or destruction, the Lease Agreement continues in full force and effect and the City waives any right to terminate the Lease Agreement by virtue of any such damage and destruction.

Abatement Due to Non-Completion of the Project. The Leased Property initially consists of the Public Safety Building Site and the Civic Center parcels described in the Lease Agreement. During the term of the Lease, the City will construct the Public Safety Building on the Public Safety Building Site and demolish the Police Department building on the Public Safety Building Site.

The City has determined that the City will have substantial use and occupancy of the Leased Property during construction of the Project, including construction of the Public Safety Building and demolition of the Police Department building. In addition, the City expects the Civic Center parcels and the related improvements to be components of the Leased Property until the Public Safety Building is completed. Consequently, the City does not expect the Lease Payments to be abated as a result of a failure to complete the Project.

Substituted Property. Notwithstanding any other provision of the Indenture or the Lease, the Trustee will pay to the City all moneys in the Insurance and Condemnation Fund upon the Trustee's receipt of Written Request of the City which states that, pursuant to the Lease, the City

has substituted other real property for the Leased Property that was damaged or destroyed and that there will be no abatement of the Lease Payments as a result of such damage or destruction.

Assignment; Subleases

The Authority has assigned certain of its rights under the Lease Agreement to the Trustee under the Assignment Agreement. The City may not assign any of its rights in the Lease Agreement. The City may sublease all or a portion of the Leased Property, but only under the conditions contained in the Lease Agreement, including the condition that such sublease not cause the interest component of the Lease Payments to become subject to federal or State of California personal income taxes.

Amendment of Lease Agreement

The Authority and the City may at any time amend or modify any of the provisions of the Lease Agreement, but only: (a) with the prior written consents of the Owners of a majority in aggregate principal amount of the outstanding Bonds; or (b) without the consent of the Trustee or any of the Bond Owners, but only if such amendment or modification is for any one or more of the following purposes:

- to add to the covenants and agreements of the City contained in the Lease, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City;
- to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained therein, to conform to the original intention of the City and the Authority;
- to modify, amend or supplement the Lease Agreement in such manner as to assure that the interest on the Bonds remains excluded from gross income under the Tax Code;
- to amend the description of the Leased Property to reflect accurately the property originally intended to be included therein, or in connection with any substitution or release of property under the Lease Agreement;
- in the event of the issuance of Additional Bonds in order to obligate the City to pay additional amounts of Lease Payments such that the scheduled amount of Lease Payments payable after such amendment shall be sufficient to pay the principal of and interest on the 2026 Bonds and such Additional Bonds but only if (A) the City has certified to the Trustee that the estimated value of the Leased Property is at least equal to the aggregate outstanding principal amount of the Bonds and the fair rental value of the Leased Property is at least equal to the Lease Payments thereafter coming due and payable thereunder (for the purposes of the certification described in this clause (A), the City may, if necessary to make such certification, assume completion of construction of the project being financed by the Additional Bonds if such project is all or a portion of the Leased Property as long as either (1) capitalized interest has been deposited in accordance with Section 2.08(h) of the Indenture or (2) the City has made a finding that the annual fair rental value of the Leased Property prior

to the completion of the project is equal to or greater than the aggregate amount of the Lease Payments and Additional Rental Payments coming due and payable during each Rental Period during the remaining term of the Lease), and (B) the City has filed with the Trustee written evidence that the amendments made under this clause will not of themselves cause a reduction or withdrawal of any rating then assigned to the then-outstanding Bonds;

- in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that, in the opinion of Bond Counsel, such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds.

Events of Default

Each of the following constitutes an Event of Default under and as defined in the Lease Agreement:

- Failure by the City to pay any Lease Payment or other payment required to be paid under the Lease Agreement at the time specified therein.
- Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease Agreement, other than as referred to in the preceding paragraph, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 30-day period, such failure will not constitute an Event of Default if the City commences to cure such failure within such 30-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time.
- Certain events relating to the insolvency or bankruptcy of the City.

Remedies on Default

Upon the occurrence and continuance of any Event of Default, the Authority has the right to terminate the Lease Agreement or, with or without such termination, re-enter, take possession of and re-let the Leased Property. When the Authority does not elect to terminate the Lease Agreement, the City remains liable to pay all Lease Payments as they come due and liable for damages resulting from such Event of Default. Any amounts collected by the Authority from the reletting of the Leased Property will be credited towards the unpaid Lease Payments. Any net proceeds of re-leasing or other disposition of the Leased Property are required to be applied as set forth in the Indenture. Under the Assignment Agreement, the Authority assigns all of its rights with respect to remedies in an Event of Default to the Trustee, so that all such remedies will be exercised by the Trustee and the Bond Owners as provided in the Indenture.

The Trustee has no right to accelerate Lease Payments and, due to the governmental nature of the Leased Property, it is uncertain whether a court would permit the exercise of the remedies of re-entry, repossession or re-letting.

INDENTURE OF TRUST

Establishment of Funds and Accounts; Flow of Funds

Costs of Issuance Fund. A portion of the proceeds of the 2026 Bonds will be deposited by the Trustee in the Costs of Issuance Fund, and within the Costs of Issuance Fund, an account therein designated as the “2026 Bonds Account,” on the Closing Date. The moneys in the Costs of Issuance Fund will be disbursed to pay costs of issuing the Bonds and other related financing costs from time to time upon receipt of written requests of the Authority. On the 180th day after the Closing Date, or at the earlier written request of the Authority, all amounts remaining in the applicable account of the Costs of Issuance Fund will be transferred by the Trustee to the Interest Account to pay interest on the related series of Bonds and the Trustee will thereupon close the Costs of Issuance Fund. In connection with the issuance of Additional Bonds, the Costs of Issuance Fund may be re-opened as directed in a Supplemental Indenture.

Establishment and Application of Project Fund; 2026 Bonds Account. The Trustee will establish, maintain and hold in trust a separate fund designated as the “Project Fund” and, within the Project Fund, an account designated as the “2026 Bonds Account.” The Trustee will deposit a portion of the proceeds of sale of the 2026 Bonds in the 2026 Bonds Account. The Trustee shall administer such fund as provided in the Indenture. Amounts on deposit in the Project Fund shall be used, as provided below, to pay the Project Costs, and to reimburse the City for the same. After all payment has been tendered to the Trustee under the provisions of the Indenture and the City has notified the Trustee of the completion of the Project, any money remaining (other than a reasonable retainage to pay Project Costs, as determined in the sole discretion of the City with written notice to the Trustee) shall be transferred to the Principal Account and shall be applied to the prepayment of Lease Payments under the Lease Agreement and the corresponding redemption of the 2026 Bonds under the Indenture. At such time as no money remains in the Project Fund, the Project Fund shall be closed. In connection with the issuance of Additional Bonds, the Project Fund may be re-opened as directed in a Supplemental Indenture.

Site Lease Payment. Proceeds representing the Site Lease Payment will be deposited in the 2026 Bonds Account of the Costs of Issuance Fund and the 2026 Bonds Account of the Project Fund for the acquisition and construction of the Project.

Bond Fund; Deposit and Transfer of Amounts Therein. All Revenues will be deposited by the Trustee in the Bond Fund promptly upon receipt. On or before each Interest Payment Date, the Trustee shall transfer from the Bond Fund and deposit into the following respective accounts (each of which the Trustee will establish and maintain within the Bond Fund), the following amounts in the following order of priority:

- (a) *Interest Account.* The Trustee will deposit in the Interest Account an amount required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest coming due and payable on such date on all outstanding Bonds. All moneys in the Interest Account will be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it comes due and payable, including accrued interest on any Bonds redeemed prior to maturity.

- (b) *Principal Account.* The Trustee will deposit in the Principal Account an amount required to cause the aggregate amount on deposit therein to equal the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) amount of the Bonds maturing on such date. All moneys in the Principal Account will be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds at the maturity thereof.

Redemption Fund. The Trustee will establish and maintain a Redemption Fund, amounts in which will be used and withdrawn by the Trustee solely for the purpose of paying the principal of on the Bonds to be redeemed. At any time prior to giving notice of redemption of any such Bonds, the Trustee may apply such amounts to the purchase of 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 the Authority directs, except that the purchase price (exclusive of accrued interest) may not exceed the redemption price then applicable to the Bonds.

Investment of Funds; Determination of Value of Investments

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the Authority in advance of the making of such investments. In the absence of any such direction of the Authority, the Trustee will invest any such moneys in Permitted Investments consisting of money market funds; 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 received a written request of the Authority specifying a specific money market fund and, if no such written request of the Authority is so received, the Trustee will hold such moneys uninvested. Permitted Investments purchased as an investment of moneys in any fund will be deemed to 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 Bond Fund. For the purpose of determining the amount in any fund or account established under the Indenture, the value of investments credited to such fund will be calculated at the market value thereof, in accordance with the procedures specified in the Indenture.

Covenants of the Authority

Payment of Bonds. The Authority will punctually pay or cause to be paid the principal of (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) and interest and premium (if any) on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, but only out of the Revenues and other assets pledged for such payment as provided in the Indenture. The Authority will not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Revenues and other assets pledged or assigned under the Indenture while any of the Bonds are outstanding, except the pledge and assignment created by the Indenture.

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 industry standards, in which complete and accurate entries will be made of all transactions relating to the proceeds of the Bonds, and all funds and accounts established pursuant to the Indenture. Such

books of record and account will be available for inspection by the Authority and the City, during regular business hours and upon reasonable prior notice.

Tax Covenants Applicable to the 2026 Bonds.

(a) Private Business Use Limitation. The Authority shall assure that the proceeds of the 2026 Bonds are not used in a manner which would cause the 2026 Bonds to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The Authority may not take any action or permit or suffer any action to be taken if the result of the same would be to cause the 2026 Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The Authority may not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2026 Bonds or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the 2026 Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Tax Code.

(d) Maintenance of Tax Exemption; Record Retention; Compliance with Tax Certificate.

(i) The Authority shall take all actions necessary to assure the exclusion of interest on the 2026 Bonds from the gross income of the Owners of the 2026 Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

(ii) The Authority will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least 3 years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the Authority will retain its records of accounting and monitoring at least 3 years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(iii) The Authority will comply with the provisions of the Certificate as to Arbitrage and the Use of Proceeds Certificate with respect to the Bonds, which are incorporated in the Indenture. The covenants of this subsection will survive payment in full or defeasance of the Bonds.

(e) Rebate of Excess Investment Earnings to United States. The Authority shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2026 Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The Authority shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from amounts paid by the City for that purpose under Section 4.5(d) of the Lease. The Authority shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the 2026 Bonds, records of the determinations made under this subsection (e).

Lease Agreement. The Trustee will promptly collect all amounts due from the City pursuant to the Lease Agreement. Subject to the provisions of the Indenture governing the

enforcement of remedies upon the occurrence of an Event of Default, the Trustee is required to enforce, and take all steps, actions and proceedings which the Trustee determines to be reasonably necessary for the enforcement of all of its rights thereunder as assignee of the Authority and for the enforcement of all of the obligations of the City under the Lease Agreement.

Proceedings for the Issuance of Additional Bonds

Whenever the Authority shall have determined to issue Additional Bonds pursuant to the Indenture, the Authority shall enter into a Supplemental Indenture determining that the issuance of such Additional Bonds is necessary for the purposes specified in the Indenture, specifying the principal amount of such Additional Bonds and prescribing the terms and conditions of such Additional Bonds and the funds to be established for the security and payment thereof. Before such Additional Bonds shall be issued and delivered, the Authority shall file the following documents with the Trustee:

(a) An executed copy of the Supplemental Indenture authorizing such Additional Bonds, together with a certified copy of the resolution of the Authority authorizing the issuance of such Additional Bonds and the execution of such Supplemental Indenture. Any such Supplemental Indenture may provide for the establishment of funds (or re-opening of the Costs of Issuance Fund and the Project Fund, as provided in the Indenture) and accounts as determined by the Authority.

(b) An opinion of Bond Counsel stating: (i) that the execution and delivery of the Additional Bonds have been sufficiently and duly authorized by the Authority; (ii) that the issuance of the Additional Bonds is authorized by the Bond Law and the Indenture; (iii) that the Additional Bonds when duly executed and delivered, will be valid and binding obligations of the Authority, payable from Revenues in accordance with the terms of the Indenture and the Supplemental Indenture authorizing the issuance of such Additional Bonds; and (iv) if the Additional Bonds are to be tax-exempt, that the interest on the Additional Bonds will be excluded from the gross income of the Owners thereof for federal income tax purposes.

(c) A Certificate of the Authority certifying that the requirements set forth in the Indenture have been either met or provided for, together with a copy of the amendment to the Lease required by the Indenture, together with a certified copy of the resolutions of the Authority and the City authorizing the execution of such amendment to the Lease.

(d) A copy of a letter sent by the City to each rating agency then rating the 2026 Bonds to notify each rating agency of the issuance of such Additional Bonds.

Amendment of Indenture

The Indenture may be modified or amended at any time by Supplemental Indenture with the prior written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the fixed maturity of or reduce the amount of principal thereof or extend the time of payment, or change the method of computing the rate of interest on, or extend the time of payment of interest on any Bonds, without the consent of the Owner of such Bond, or (b) reduce the aforesaid percentage of 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 Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive

the Owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in this Indenture), without the consent of the Owner of all of the Bond then outstanding.

The Indenture may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Bond Owners, for any one or more of the following purposes:

- 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 Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority.
- To cure any ambiguity, inconsistency or omission in the Indenture, or to cure or correct any defective provision in the Indenture, or in any other respect whatsoever as the Authority may deem necessary or desirable, so long as such modification or amendment does not materially adversely affect the interests of the Bond Owners in the opinion of Bond Counsel filed with the Trustee.
- 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 or any similar federal statute at any time in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute.
- To modify, amend or supplement the Indenture so as to assure that the interest on the 2026 Bonds remain excludable from gross income under the Tax Code.
- to provide for the issuance of Additional Bonds pursuant to the Indenture.

Events of Default

Events of Default Defined. The following events constitute events of default under the Indenture:

- Failure to pay any installment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.
- Failure to pay any installment of interest on the Bonds when due.
- Failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the Authority by the Trustee; provided, however, if in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 30-day period, such failure shall not constitute an Event of Default if the Authority institutes corrective action within such 30-day period and thereafter

diligently and in good faith cures the failure in a reasonable period of time, which period shall end 180 days after the delivery of such default notice.

- The commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.
- The occurrence and continuation of any Event of Default under and as defined in the Lease Agreement. See "LEASE AGREEMENT - Events of Default" above.

Remedies. Upon the occurrence and during the continuance of any Event of Default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding the Trustee shall:

- upon notice in writing to the Authority and the City, and subject to receipt of satisfactory indemnity, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately (provided that no such acceleration will have the effect of accelerating the City's obligations under the Lease Agreement, as more fully described above), or
- enforce any rights of the Trustee under or with respect to the Indenture.

The Trustee is irrevocably appointed (and the successive respective Owners of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Owners of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the Bonds, the Indenture and applicable provisions of any law. Notwithstanding anything contained in the Indenture or in the Lease to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject the Trustee to liability under any federal, state or local environmental law, statute, regulation or ordinance, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. The Trustee shall not be required to take any foreclosure action if the approval of a government regulator shall be a condition precedent to taking such action, and such approval cannot be obtained.

Anything in the Indenture or Lease to the contrary notwithstanding, the Trustee shall not be required to enter, take possession of, or take any other action whatsoever with respect to the Leased Property unless the Trustee is satisfied that the Trustee will not be subject to any liability under any local, state, or federal environmental laws or regulations of any kind whatsoever or from any circumstances present at the Leased Property relating to the presence, use, management, disposal or contamination by any environmentally hazardous materials or substances of any kind whatsoever.

Application of Revenues and Other Funds After Default. If an Event of Default has occurred and is continuing, all Revenues and any other funds then held or thereafter received by

the Trustee under any of the provisions of the Indenture will be applied by the Trustee as follows and in the following order:

- (1) To the payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;
- (2) To the payment of the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest then due on the Bonds (upon presentation of the 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, as follows:

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 is 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; and

Second: To the payment to the persons entitled thereto of the unpaid principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of any Bonds which have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) at the rate borne by the respective Bonds (to the extent permitted by law), and, if the available amount is not sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) due on such date to the persons entitled thereto, without any discrimination or preference.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, the Lease Agreement or any other applicable law with respect to such Bonds, unless:

- such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;
- the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture;
- said Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

- the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee; and
- 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 Bonds then outstanding.

Discharge of Indenture

The Authority may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- by paying or causing to be paid the principal (including the principal amount of any Term Bonds that is subject to mandatory sinking fund redemption) of and interest and premium (if any) on the Bonds, as and when the same become due and payable;
- by depositing with the Trustee, in trust, at or before maturity, cash and/or non-callable Federal Securities which, together with the investment earnings to be received thereon, have been verified by an independent accountant to be sufficient to pay or redeem such Bonds when and as the same become due and payable; or
- by delivering to the Trustee, for cancellation by it, all of such Bonds.

Upon such payment or delivery, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Revenues and other funds provided for in the Indenture with respect to such Bonds, and all other obligations of the Authority under the Indenture with respect to such Bonds, will cease and terminate, except only the obligation of the Authority to pay or cause to be paid to the Owners of such Bonds not so surrendered and paid all sums due thereon from amounts set aside for such purpose. Any funds thereafter held by the Trustee, which are not required for said purposes, will be paid over to the Authority.

APPENDIX C

FISCAL YEAR 2024-25 ANNUAL COMPREHENSIVE FINANCIAL REPORT

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City of
Mountain View

The Mountain View of Tomorrow



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Mountain View, CA

City of Mountain View

Mountain View, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by:

Finance and Administrative Services Department

City of Mountain View
Annual Comprehensive Financial Report

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**OFFICE OF THE CITY MANAGER**

500 Castro Street, P.O. Box 7540
Mountain View, CA 94039-7540
650-903-6301 | MountainView.gov

December 9, 2025

Honorable Mayor, City Council, and Members of the Mountain View Community:

I submit for your information and consideration the Annual Comprehensive Financial Report (ACFR) of the City of Mountain View (City) for the fiscal year ended June 30, 2025.

FACTORS AFFECTING FINANCIAL CONDITION

The local economy is beginning to show signs of slowing. While the City's major revenues have generally remained stable and, in some cases, benefited from inflationary trends and higher interest rates, these factors are not expected to continue at the same pace. As a result, future growth in the City's major revenue sources is anticipated to be modest, with some areas experiencing minimal increases or potential softening in the near future. Thanks to the leadership of the City Council and through the support and hard work of the Executive Leadership team and our outstanding City employees, we have provided an exceptional level of service to our community while maintaining fiscal stability during the fiscal year.

While revenues have been strong in recent years, expenditures are expected to increase at a faster pace than revenue growth, creating a more challenging long-term fiscal outlook. As a result, we remain cautiously optimistic about the future fiscal health of the City. However, continued uncertainty related to inflationary pressures, elevated interest rates, shifting national economic policies, and global geopolitical conflicts further clouds the economic picture. Collectively, these factors contribute to the likelihood of slower, more moderate growth in the years ahead.

The current General Operating Fund Forecast indicates that the City has sufficient financial resources to maintain the Mountain View of today. However, building the Mountain View of tomorrow will require continued efforts to enhance and diversify the City's revenue streams, ensuring long-term fiscal stability and accomplishing the bold initiatives the City is advancing.

During the fiscal year, on November 5, 2024, Mountain View residents overwhelmingly supported the vision for the Mountain View of tomorrow and passed a proposed ballot measure, Measure G, by over 72%. Measure G creates an additional tier to the existing property transfer tax for transactions over \$6.0 million, providing a new revenue source to help the City invest in key community priorities.

Per City Council direction, this additional source of revenue will be dedicated to the following funding priorities for the next 10 years:

- 35.0% to 40.0% for Public Safety Facilities;
- 30.0% to 35.0% for Parks, Open Space, and Biodiversity;

- 20.0% to 25.0% for Affordable Housing; and
- 5.0% to 15.0% for other general governmental services, including road maintenance, active transportation, small business support, and homeless support services, among others.

FINANCIAL INFORMATION

It is my pleasure to present the City's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. The ACFR has been prepared in accordance with the principles and standards for financial reporting established by the Governmental Accounting Standards Board (GASB) and in compliance with City Charter, Section 1106.

Although the audit is conducted by an independent certified public accounting firm, City management assumes full responsibility for the accuracy of the data, as well as the completeness and fairness of the presentation, including all disclosures. We believe the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of the City's various funds, and, in conjunction with the included notes, will provide the reader with an understanding of the City's financial activities and status.

To provide a basis for making these representations, City management has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh its benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's books, financial records, and financial statements have been audited by Badawi & Associates, a firm of independent licensed certified public accountants, selected by and reporting to the City Council. The objective of the independent audit is to provide reasonable assurance that the financial statements of the City and related entities are free of material misstatement. **The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unmodified "clean" opinion on the City's basic financial statements as of, and for, the fiscal year ended June 30, 2025, and they are fairly presented in conformity with GAAP.** The independent auditor's report is presented at the beginning of the financial section of this report, on Page 1.

GAAP requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in a section entitled "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. The notes to the financial statements are provided in the financial section and are considered essential to fair presentation and adequate disclosure.

The ACFR is divided into the following sections:

The Introductory Section includes this letter of transmittal, an overview of the organizational structure of the City, and prior awards received.

The Financial Section includes the following:

- Independent Auditor’s Report.
- Management’s Discussion and Analysis.
- Basic Financial Statements—Includes the government-wide financial statements that present an overview of the City’s entire financial operations and the fund financial statements that present financial information for each of the City’s major funds as well as other governmental, proprietary, and custodial funds.
- Notes to Basic 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.
- Required Supplementary Information—Includes schedules required to be presented, showing information related to the City’s pension plans and other postemployment benefits plan.
- Other Supplementary Information—Includes the Budgetary Schedule of the Park Land Dedication Capital Projects Fund, Combining Statements and Schedules of the nonmajor governmental funds, internal service funds, and custodial funds.

The Statistical Section includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that may be of interest to potential investors in the City’s bonds and to other readers. The data includes 10-year revenue and expenditure information as well as 10 years of net position/fund balance information.

This ACFR includes the results of financial activities of the primary government, which encompasses several enterprise activities as well as all of its component units: the Mountain View Shoreline Regional Park Community (Shoreline Community) and the City of Mountain View Capital Improvements Financing Authority (Financing Authority). *Separate financial statements for the Shoreline Community are included following the Statistical Section.* There is no legal requirement for a separate component unit report for the Financing Authority.

PROFILE OF THE GOVERNMENT

The City was incorporated on November 7, 1902. The City Charter was originally approved by voters in 1952 and requires the City to operate under a Council-Manager form of government. Seven Councilmembers are elected at-large for four-year terms that are staggered, so three or four seats are filled at the general municipal election in November of every even-numbered year. Continuous service on the City Council is limited to two consecutive terms. Each year, in January, Council elects one of its members as Mayor and another as Vice Mayor.

With a population of approximately 86,513 and occupying just over 12 square miles, Mountain View is situated in Silicon Valley, about 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose.

The City provides the following full range of municipal services, which are reflected in this report:

- General government (city management, legal, human resources, information technology, and financial activities);
- Public safety (police and fire services);
- Public works (engineering, design, and utility maintenance);
- Community development (land use, development review, inspections, and affordable housing); and
- Culture and recreation (library, parks, recreation, performing arts, and golf course).

The City also provides water, wastewater, and solid waste utility enterprise activities, and the financial information regarding these activities is included in this report.

The financial reporting entity includes all funds of the primary government (i.e., the City) as well as its component units. The seven-member City Council serves as the governing body of the Mountain View Shoreline Regional Park Community and the City of Mountain View Capital Improvements Financing Authority, although these agencies are legal entities separate from the City. These two agencies are considered component units of the City and are blended in the reporting entity. However, this does not mean the City assumes the obligations or liabilities of these entities, and they are budgeted and accounted for separately from the City.

No other agencies or activities associated with the City, or utilizing a name similar to the City, meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

In accordance with the City Charter, the City Council is required to adopt an annual budget by July 1 of each fiscal year for the ensuing year, which begins on that date. The adopted budget establishes the legal level of budgetary control at the fund and department level, meaning that total appropriations for each fund and department may not be exceeded without City Council authorization.

Transfers and adjustments between departments or funds require City Council approval. In addition, pursuant to the City Charter, any amendment to the adopted budget be approved by at least five votes of the seven-member City Council.

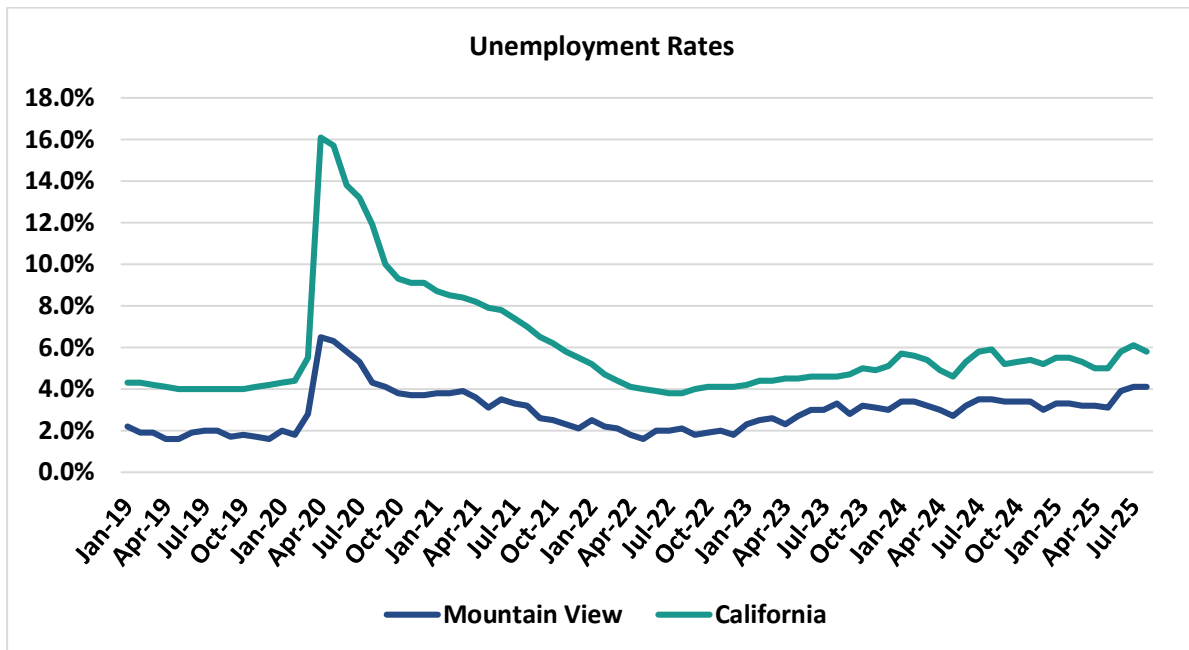
LOCAL ECONOMY

The City is centrally located in Silicon Valley and is serviced by several major freeways (U.S. 101, Interstate 280, State Route 85, and State Route 237) connecting the City to three international airports, shipping, and rail lines in the Bay Area. Mountain View is also a regional transportation hub and has transit stops for the Caltrain commuter train and Santa Clara Valley Transportation Authority (VTA) light rail system.

Despite the strong revenue growth realized in FY 2024–25 compared to the prior fiscal year, this performance is considered an exception, and revenue growth is expected to moderate in subsequent years. Overall, total General Fund revenue increased from \$221.1 million in FY 2023–24 to \$236.9 million in FY 2024–25, an increase of \$15.8 million, or 7.1%. The General Fund’s above-trend growth was primarily driven by higher-than-expected property taxes, the use of money and property (including investment and rental income), and other taxes, such as transient occupancy taxes and utility users’ taxes. Except for these outperforming categories, most General Fund revenues remained relatively stable, and sales tax revenues declined by \$3.3 million, or 13.5%, compared to the prior fiscal year. Nearly half of this decline was attributable to the timing and recording of sales tax receipts in the City’s accounting records

The local business community continues to experience lingering effects from the COVID-19 pandemic. As businesses adapt to hybrid and remote workforce strategies, commercial real estate vacancy rates remain elevated and corporate layoffs persist. According to Colliers, a commercial real estate firm, office vacancy rates in Silicon Valley were estimated at 15.9% between July and September 2025, down slightly from 17.2% a year earlier.

Another indicator of the local economy’s health is the unemployment rate. The unemployment rate in Mountain View in August 2025 was estimated to be 4.1% compared to the prior-year rate of 3.5% for the same month, reflecting a softening in employment in the local region. Unemployment rates in the area are expected to continue rising as corporate layoffs persist.



Source: California Employment Development Department

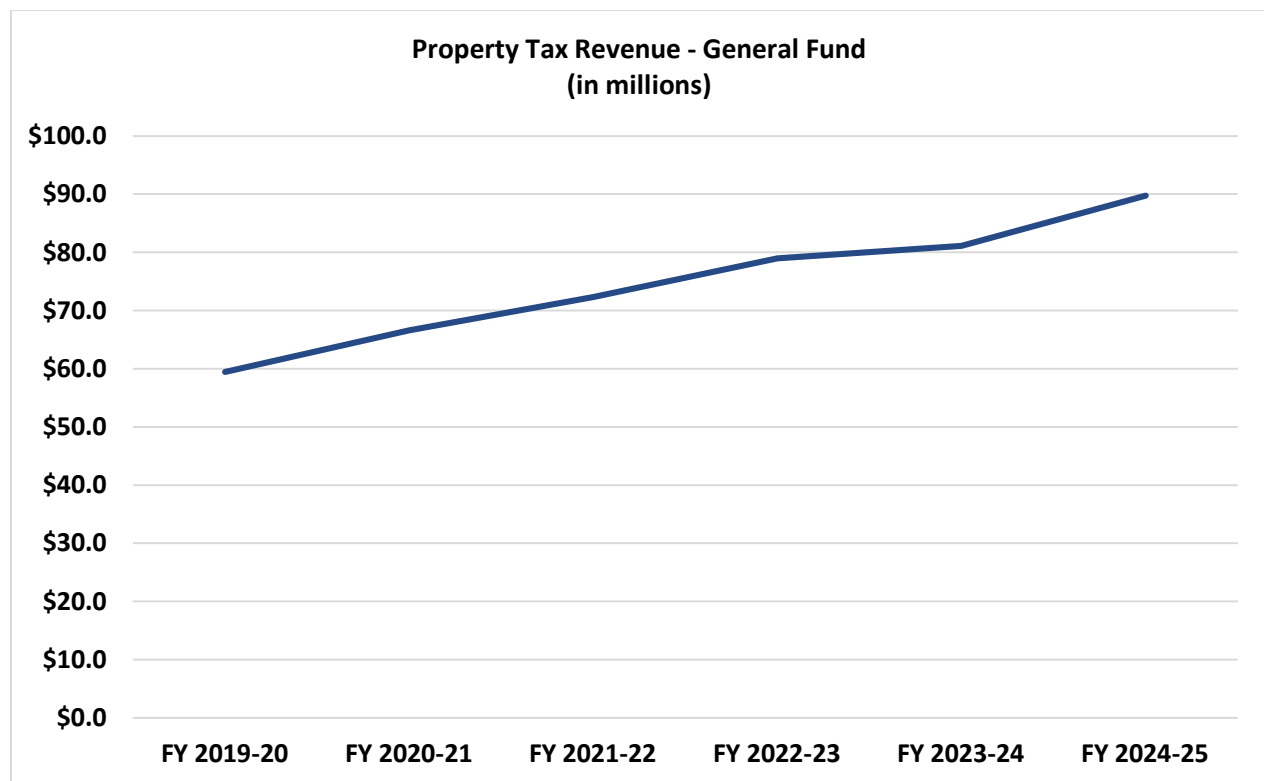
Despite various financial challenges that have arisen in the past, the City has a history of maintaining prudent fiscal practices and budget discipline that has enabled the City to consistently maintain its AAA credit rating. The rating reflects the City's sizable property tax base, substantial revenue generated annually from numerous commercial and residential leases in which the City is the lessor, and a positive financial position supported by strong reserve levels and a very modest debt burden.

The economic vitality of the City relies upon a strong and diversified business community that is flexible enough to withstand economic challenges. As part of the City's economic development efforts, the City works to attract and retain companies with growth potential, making the City a desirable location for the corporate community. As a result, Mountain View continues to be recognized as a prime location in Silicon Valley, where it is both desirable to live and work. Mountain View's innovation economy is home to major technology companies, including Google, Intuit, LinkedIn, Microsoft, Samsung, Siemens Medical Solutions, and Waymo. Mountain View has also quickly become a hub for autonomous vehicle and drone delivery services. Downtown Mountain View is a key location for businesses, particularly start-up companies, due to its diverse range of retailers, restaurants, and convenient access to public transportation.

The City is also committed to preserving its existing services and programs while investing in the future through prudent budgeting and infrastructure development. During the past decade, the City has experienced a strong economy, which, together with sound fiscal planning, has enabled the City to increase resources where needed and pay down pension liabilities, as well as fully fund its other postemployment benefit obligations. It has also enabled the maintenance of adequate reserves during economic downturns.

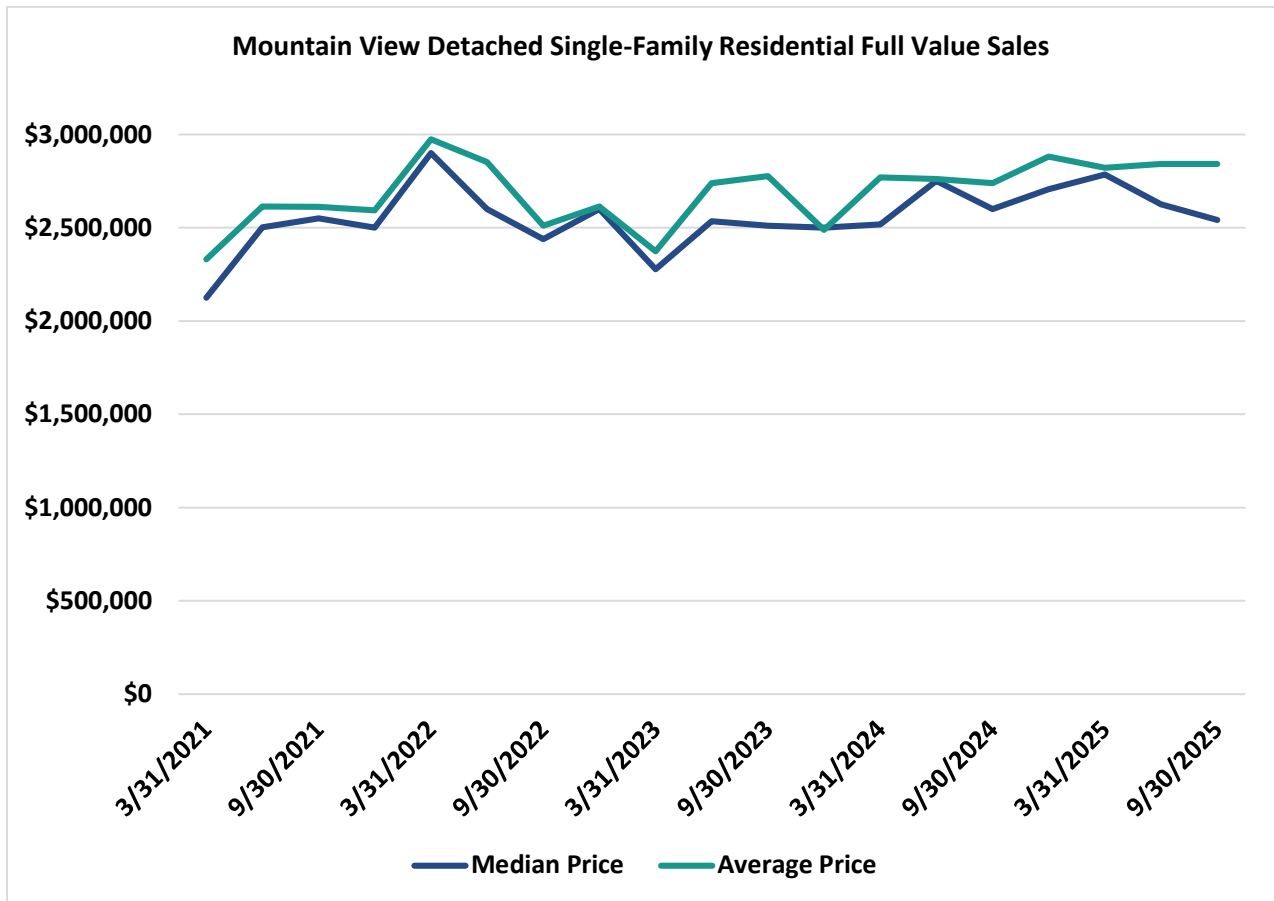
Property Tax

Property tax accounts for 37.9% of total General Fund revenues and is a key indicator of the City's economic outlook. For reference, property tax revenue accounted for 36.7% of total General Fund revenues in Fiscal Year 2023-24, continuing a trend in which property taxes have become a larger portion of total General Fund revenues. Property tax revenue in the General Fund totaled \$89.8 million in Fiscal Year 2024-25 compared to \$81.1 million in Fiscal Year 2023-24, an increase of \$8.7 million, or 10.7%. Although property tax revenue has experienced significant growth over the past five years, future growth is expected to be modest.



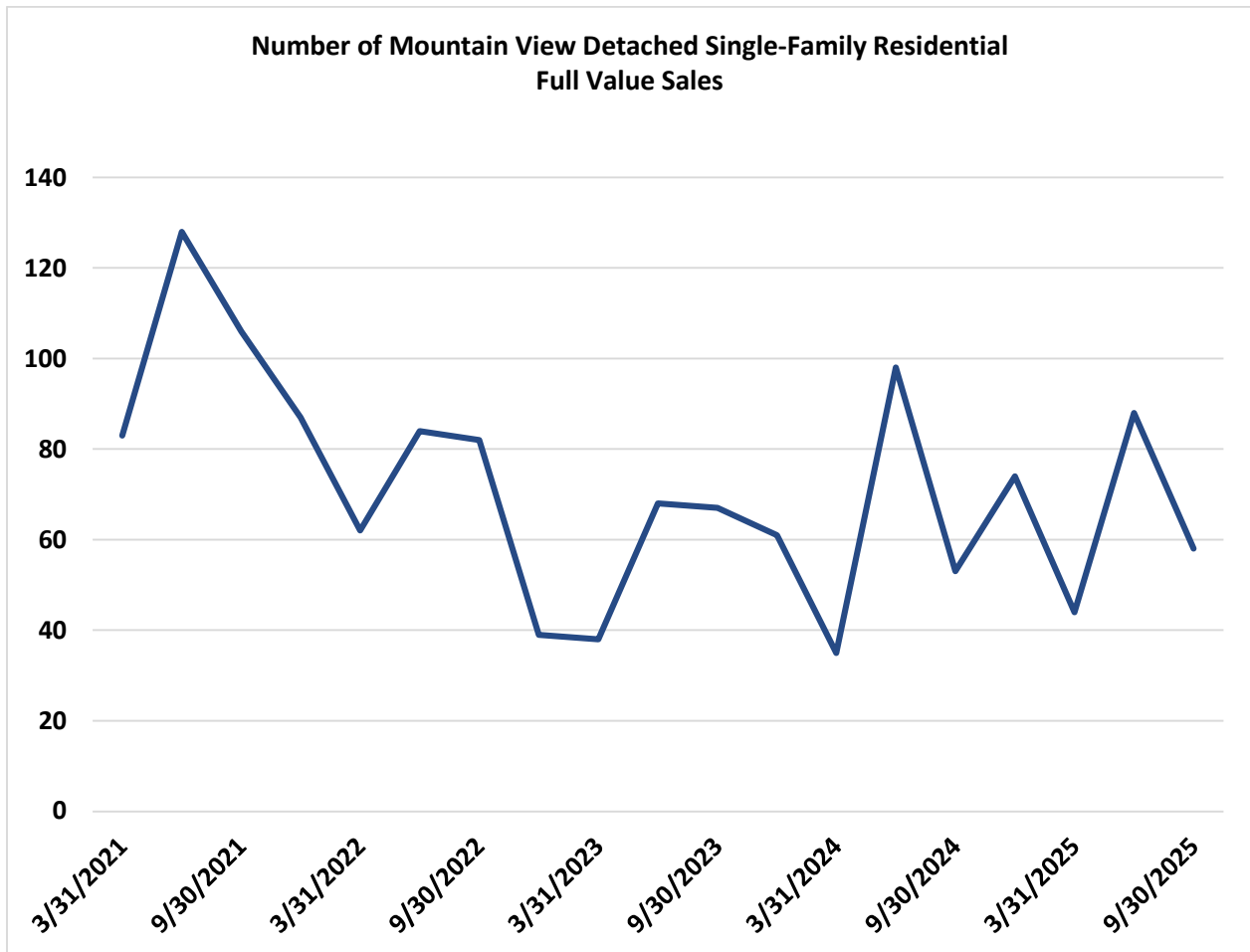
Source: City of Mountain View ACFR

The median sales price of single-family residences was \$2.5 million for the quarter ended September 30, 2025, down slightly from \$2.6 million a year earlier. As shown in the chart below, housing prices have remained relatively stable over the past two years, following a decline from a peak of \$2.9 million for the quarter ended March 31, 2022.



Source: HdL Coren & Cone

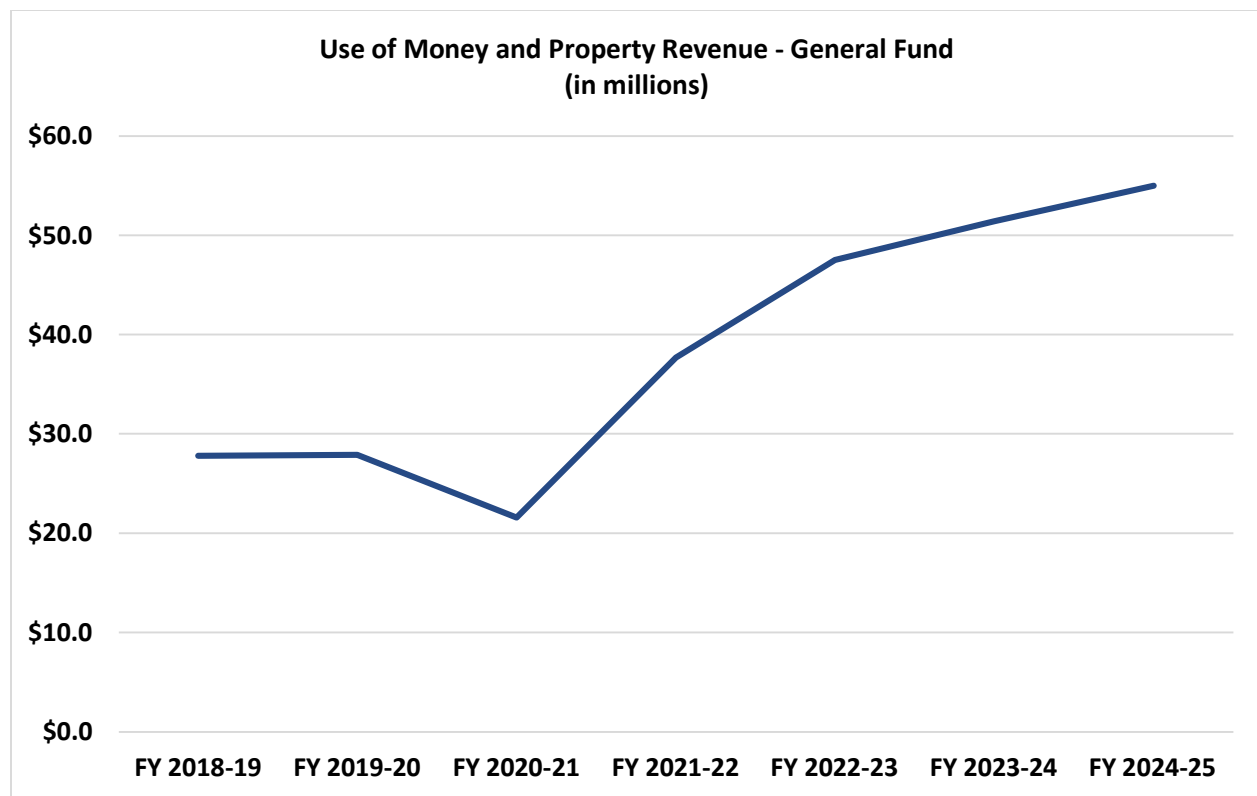
Even with median sales prices hovering above \$2.5 million and the average 30-year fixed mortgage rate having peaked at nearly 8% in October 2023 before settling to just above 6% currently, the number of home sales in the local housing market has remained steady. There were 259 single-family home sales in Fiscal Year 2024-25, compared to 261 in Fiscal Year 2023-24, a nominal decrease.



Source: HdL Coren & Cone

Use of Money and Property

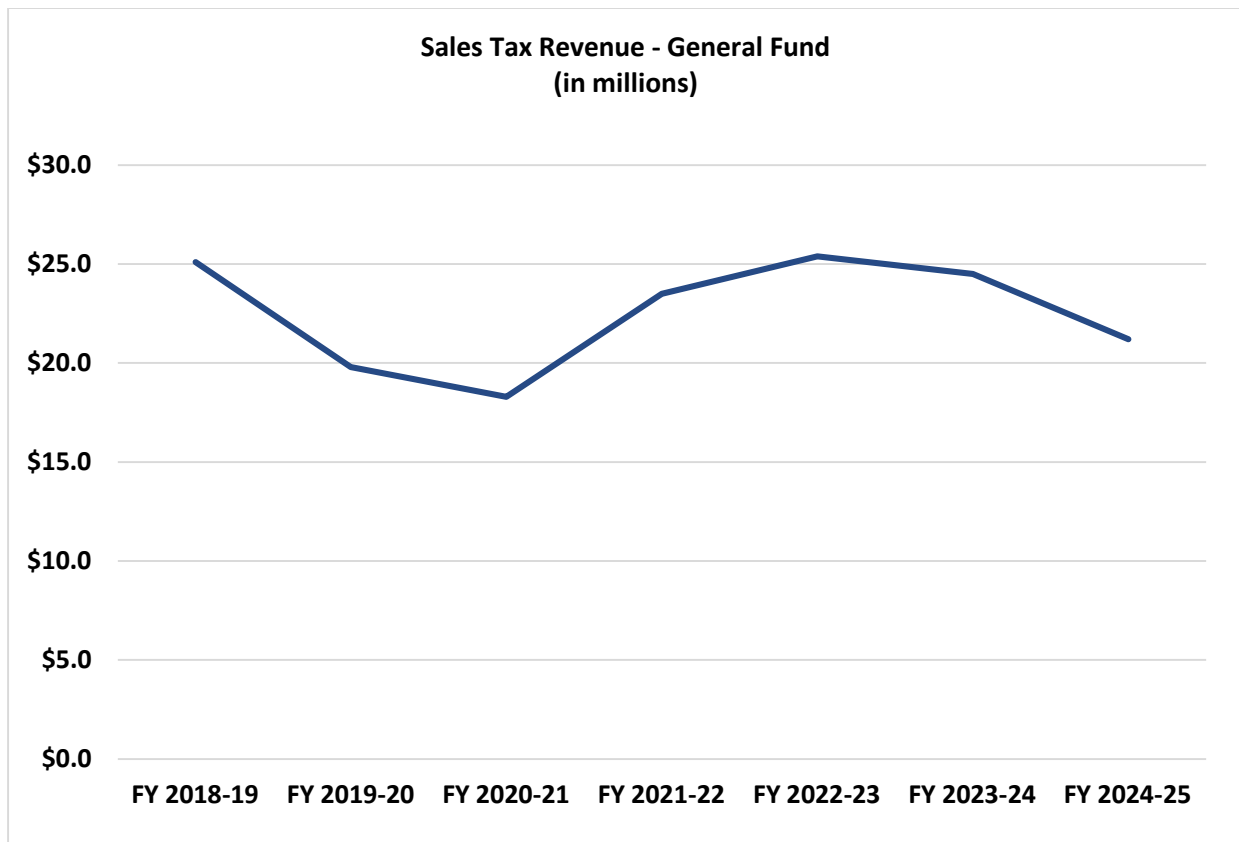
Use of money and property, which consists primarily of lease revenue and investment earnings, is an important source of General Fund revenue, accounting for 23.2% of total General Fund revenues. For reference, this category accounted for 23.3% of total General Fund revenues in Fiscal Year 2023-24, reflecting a stable trend. In Fiscal Year 2024-25, this revenue source generated \$55.0 million, an increase of \$3.6 million, or 7.0%, compared to Fiscal Year 2023-24. This revenue source is projected to continue growing in Fiscal Year 2025-26 as the City's investment portfolio benefits from higher interest rates and annual increases in lease agreements take effect.



Source: City of Mountain View ACFR

Sales Tax

Sales tax is another important General Fund revenue source, accounting for 8.9% of total General Fund revenues. For comparison, sales tax represented 11.1% of total General Fund revenues in Fiscal Year 2023-24, reflecting a declining trend. Sales tax revenue totaled \$21.2 million in Fiscal Year 2024-25, compared to \$24.5 million in Fiscal Year 2023-24, a decrease of \$3.3 million, or 13.5%. Nearly half of this decline was attributable to the timing and recording of sales tax receipts in the City's accounting records. Sales tax revenue is projected to increase slightly for Fiscal Year 2025-26, reflecting the anticipated opening of new sales tax-generating businesses during the fiscal year.

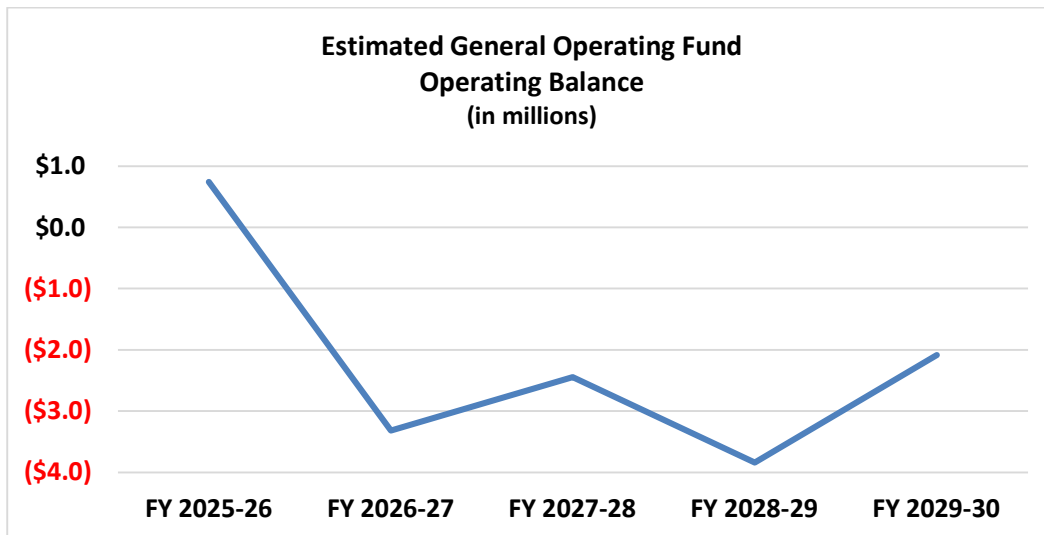


Source: City of Mountain View ACFR

LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year forecast for its General Operating Fund and periodically develops a Long-Range Financial Forecast to project revenue and expenditure trends for the next 10 years. As part of the Fiscal Year 2025-26 Adopted Budget, a Five-Year Financial Forecast (Forecast) was developed for Fiscal Years 2025-26 through 2029-30. Even with fluctuating economic variables, a financial forecast helps identify long-term financial trends, potential fiscal imbalances, emerging challenges, opportunities, and future requirements – information that supports the City’s ongoing commitment to fiscal sustainability. While accurately forecasting revenues is challenging due to the variable nature of the City’s revenue sources and their sensitivity to regional, state, national, and global economic conditions, it is possible to identify reasonable financial trends and develop a conceptual financial outlook to support informed decision-making. The Forecast provides a valuable tool to guide the City as it continues to balance expenditures with available revenues.

The General Fund Forecast projects a nominal positive ending operating balance of approximately \$0.7 million for Fiscal Year 2025-26. However, modest operating deficits are projected in the subsequent fiscal years. Should these deficits materialize, maintaining adequate operating and emergency reserves will be critical to helping the City navigate the period and withstand potential future economic downturns.



In summary, local economic indicators suggest a flattening of revenues, with slower growth anticipated in Fiscal Year 2025-26, following several years of strong performance. Ongoing uncertainty related to inflation, interest rates, national and state economic policies, and geopolitical conditions contributes to this more cautious outlook. In contrast, expenditures are expected to grow at a faster pace than revenues for the foreseeable future, driven largely by rising operational costs.

RELEVANT FINANCIAL POLICIES

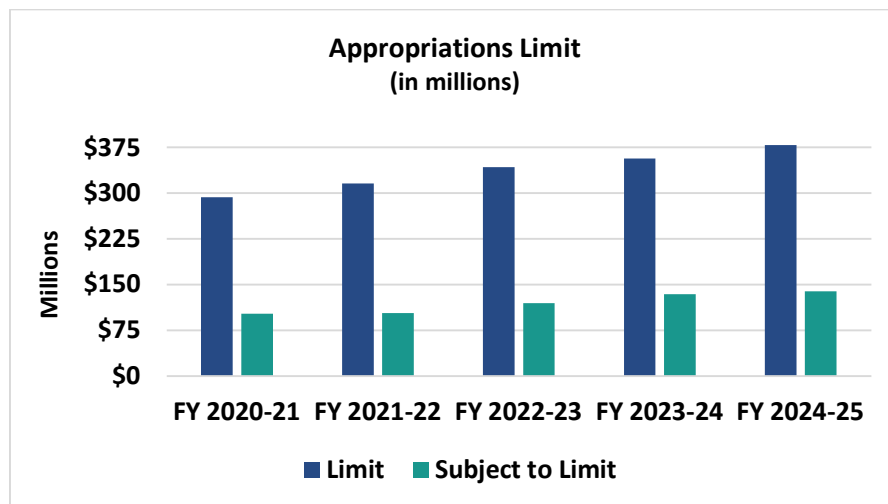
The City Council has established a financial and budgetary policy framework which is reviewed and updated as necessary by the City Council. A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service-level developments, aids budgetary decision-making, and serves as an overall framework to guide financial management and operations of the City.

The City's adoption of financial policies also promotes public confidence and increases the City's credibility in the eyes of bond-rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

APPROPRIATIONS LIMIT

Article XIII B of the California State Constitution, which became effective in Fiscal Year 1979-80, and which was modified (by Proposition 111) in November 1989, establishes, by formula, an appropriation limit for governmental agencies. Using the appropriations of Fiscal Year 1978-79 as the base year, the limit is adjusted for the growth in inflation and population during each subsequent fiscal year. Inflation is measured as the year-over-year growth in per-capita personal income, while population growth is based on a weighted growth measure that blends growth in the civilian population with growth in K-12 and community college average daily attendance. Article XIII B also sets the guidelines as to what is to be included in the appropriation limits.

The City's appropriation limit for Fiscal Year 2024-25 was \$378,697,009; the City's actual appropriations, subject to the limit, were \$138,771,739, which is far below the limit. The Fiscal Year 2024-25 appropriation limit increased from \$356,727,282 in Fiscal Year 2023-24 due primarily to the increase of 3.62% in California's per-capita personal income over the prior year, one of the factors used in calculating the change in the appropriation limit.



AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the 35th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both GAAP and applicable legal requirements. The GFOA award is valid for a one-year period only. I believe our current ACFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for the City's annual budget document for Fiscal Year 2024-25. In order to qualify for this Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

Special recognition is extended to Arn Andrews, Assistant City Manager; Derek Rampone, Finance and Administrative Services Director; Grace Zheng, Assistant Finance and Administrative Services Director; and the entire staff of the Finance and Administrative Services Department for their dedication to all City departments, residents, and customers on a daily basis. The preparation of this report could not have been achieved without the skillful, dedicated, and efficient services of the entire staff of the Finance and Administrative Services Department. In particular, Helen He, Accounting Manager; Janet Shum, Senior Accountant; and Marichi Valle, Accountant, were instrumental in preparing the ACFR accurately and in a timely manner. Every member of the department deserves recognition and thanks for their commitment to the City and their profession. I would also like to thank the members of the City Council and Council Finance Committee for their leadership and policy guidance in managing the financial operations of the City in a fiscally responsible manner that continues to serve in the best interests of the residents of the City.

Respectfully submitted,



Kimbra McCarthy
City Manager



CITY OF MOUNTAIN VIEW CALIFORNIA

CITY OFFICIALS

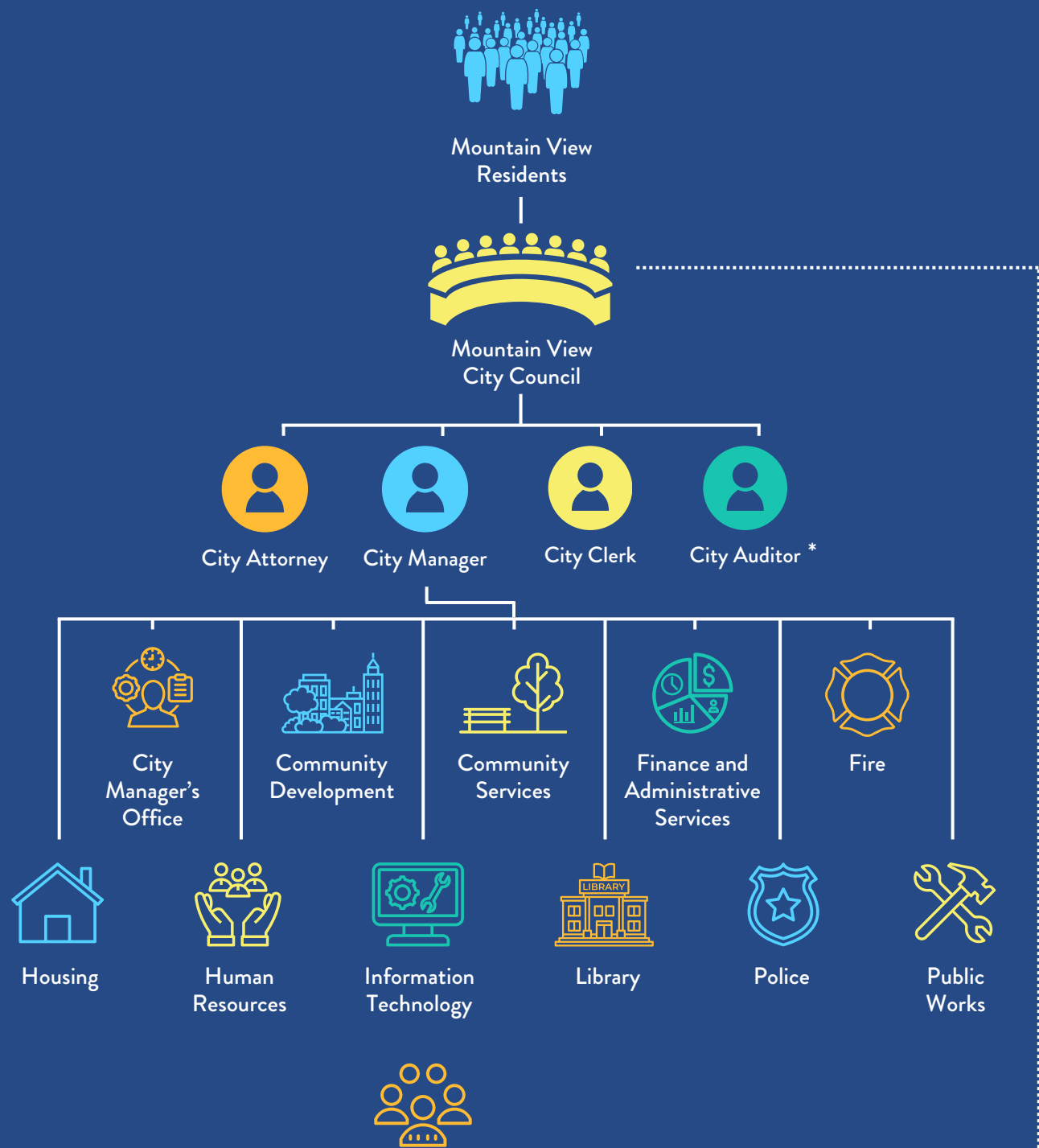
CITY COUNCIL

Ellen Kamei	Mayor
Emily Ann Ramos	Vice Mayor
Chris Clark	Councilmember
Alison Hicks	Councilmember
John McAlister	Councilmember
Lucas Ramirez	Councilmember
Patricia Showalter	Councilmember

EXECUTIVE STAFF

Kimbra McCarthy	City Manager
Jennifer Logue	City Attorney
Heather Glaser	City Clerk
Audrey Seymour Ramberg	Assistant City Manager
Arn Andrews	Assistant City Manager
Lenka Wright	Chief Communications Officer
Danielle Lee	Chief Sustainability and Resiliency Officer
Christian Murdock	Community Development Director
Roger Jensen	CIO/Information Technology Director
John Marchant	Community Services Director
Kimberly Thomas	Deputy City Manager
Derek Rampone	Finance and Administrative Services Director
Juan Diaz	Fire Chief
Wayne Chen	Housing Director
Maxine Gullo	Human Resources Director
Tracy Gray	Library Director
Michael Canfield	Police Chief
Jennifer Ng	Public Works Director

City Government Organization



City Boards, Commissions & Committees

Charter

Environmental Planning Commission
Board of Library Trustees
Parks and Recreation Commission
Rental Housing Committee

Non-Charter

Bicycle/Pedestrian Advisory Committee
Downtown Committee
Human Relations Committee
Performing Arts Committee
Senior Advisory Committee
Tennis Advisory Board
Visual Arts Committee
Youth Advisory Committee

* Finance and Administrative Services Director serves as City Auditor as appointed by City Council.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mountain View
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
of the City of Mountain View
Mountain View, 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 Mountain View (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 for the General Fund, Shoreline Regional Park Community Fund, and the Housing Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 management's discussion and analysis, and the required pension and OPEB information schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

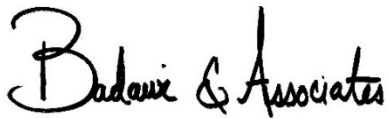
Other Information

Management is responsible for the other information annual financial report. The other information comprises the introductory section, statistical section, and component unit financial statements section 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.

To the Honorable Mayor and Members
of the City Council of the City of Mountain View
Mountain View, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Emeryville, California
December 9, 2025

CITY OF MOUNTAIN VIEW, CALIFORNIA
Management's Discussion and Analysis (MD&A) (Unaudited)
For the Fiscal Year Ended June 30, 2025

This section of the City of Mountain View's (City) Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to review this information in conjunction with the Letter of Transmittal and the Basic Financial Statements. It is important to recognize that the financial statements reflect past results, whereas the City's operating budget focuses on future goals and the allocation of resources.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year are outlined below. Details can be found in the Government-Wide Financial Analysis and the Financial Analysis of the City's Funds sections of this MD&A.

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2025 by \$1.7 billion (net position). Of this amount, \$248.6 million represents unrestricted net position, which may be used to meet the City's ongoing obligations.
- Total net position increased by \$96.7 million, compared to an increase of \$98.8 million in the prior fiscal year - a decrease of 2.2%. Of this year's increase, \$79.2 million was attributable to governmental activities and \$17.5 million to business-type activities. The beginning net position was restated downward by \$5.1 million due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101. Citywide revenues increased by \$22.7 million, while expenses increased by \$19.8 million.
- Total outstanding long-term debt increased by \$7.2 million in the current fiscal year. The increase was driven primarily by a \$5.5 million increase in compensated absences associated with the implementation of GASB 101 and a \$4.6 million increase in Subscription-based Information Technology Arrangement (SBITA) liabilities related to new Axon camera storage and Arctic Wolf security software agreements. These increases were partially offset by scheduled debt service payments.
- Net pension liabilities decreased by \$14.6 million, compared to an increase of \$12.9 million in the prior fiscal year. This reduction was primarily driven by strong investment returns during the reporting period and contributions that exceeded the plans' annual costs and expenses. Net other post-employment benefit (OPEB) liabilities decreased by \$1.9 million during the fiscal year. This decrease was driven by positive investment earnings and contributions to the plan that exceeded the plan's annual costs and expenses.

- Governmental funds reported total fund balances of \$1.1 billion, an increase of \$60.9 million, or 5.9% from the prior fiscal year. The increase was driven primarily by the General Fund (\$27.2 million) and the Shoreline Regional Park Community (SRPC) Fund (\$20.3 million), where revenues exceeded expenditures during the fiscal year.
- The General Fund ended the fiscal year with a total fund balance of \$265.8 million, an increase of \$27.2 million, or 11.4% from the prior fiscal year. Of this amount, \$162.1 million, or 61.0%, is unassigned and available to support the City's current and future needs. The unassigned fund balance is designated for future one-time expenditures, payments toward unfunded liabilities, and emergency reserves, and represents 78.8% of total General Fund expenditures for the fiscal year ended June 30, 2025 – up from 70.6% in the prior fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to provide an overview of the City's basic financial statements. The City's basic financial statements include three key components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also includes required supplementary information and other supplementary schedules that provide additional context and detail beyond the basic financial statements .

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a comprehensive overview of the City's finances, presented in a manner similar to that of a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for certain items that will only result in cash flows in future fiscal periods, such as revenues related to uncollected taxes and expenses pertaining to earned, but unused, vacation and sick leave.

Both of the government-wide financial statements distinguish between the functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). Governmental activities include general government, public safety, public works, community development, and culture and recreation

services. Business-type activities consist of the City's water, wastewater, and solid waste enterprise operations (enterprise funds).

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities for which the City is financially accountable: (1) Mountain View Shoreline Regional Park Community (Shoreline Community or SRPC); and (2) City of Mountain View Capital Improvements Financing Authority (Financing Authority). Although legally separate from the City, these component units are blended with the primary government because they have the same governing board as the City and because of their financial relationship with the City. In addition, separate financial statements for the Shoreline Community component unit are included within the City's ACFR.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into the following three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Information 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, Shoreline Regional Park Community Fund, Housing Fund, General Capital Projects Fund, and Park Land Dedication Capital Projects Fund, all of which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data

for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for most of its funds, with the exception of the General Capital Projects Fund, which is budgeted on a project basis. Budgetary comparison statements and schedules are provided for these funds to demonstrate compliance with the adopted and amended budgets.

Proprietary funds are used to account for activities in which the City charges fees to customers - whether external users or internal departments - for the services provided. These funds present financial information similar to that found in the government-wide financial statements, but in greater detail. The City maintains two types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and solid waste operations, all of which are considered to be major funds of the City.
- *Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment maintenance and replacement, Retirees' Health Plan, Employee Benefits Plan, and various other self-insurance liability programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The 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 elsewhere in this report.

Fiduciary funds are used to account for fiduciary activities and resources held for the benefit of individuals, organizations, or other governments that are not part of the City. These are comprised of custodial funds, which are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds and include custodial balances and activities of the City's labor unions and Center for Performing Arts. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

Notes to the Basic Financial Statements

The notes provide additional information essential to a comprehensive understanding of the data presented in the government-wide and fund financial statements.

Other

Required Supplementary Information includes schedules required to be presented showing information related to the City's pension plans and other post-employment benefits plan.

Other Supplementary Information includes the combining statements and schedules of the nonmajor governmental funds, internal service funds, and custodial funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Position

A condensed summary of the City's net position for governmental and business-type activities is as follows:

Condensed Statement of Net Position (Dollars in Thousands)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets:						
Current and other assets	\$ 1,889,034	\$ 1,876,734	\$ 182,588	\$ 174,308	\$2,071,622	\$2,051,042
Capital assets	640,717	602,825	114,763	110,350	755,480	713,175
Total assets	<u>2,529,751</u>	<u>2,479,559</u>	<u>297,351</u>	<u>284,658</u>	<u>2,827,102</u>	<u>2,764,217</u>
Deferred outflows of resources:						
Pension items	58,689	82,255	5,564	7,308	64,253	89,563
OPEB Items	20,058	25,592	-	338	20,058	25,930
Total deferred outflows of resources	<u>78,747</u>	<u>107,847</u>	<u>5,564</u>	<u>7,646</u>	<u>84,311</u>	<u>115,493</u>
Liabilities:						
Current and other liabilities	57,192	79,506	6,823	11,091	64,015	90,597
Noncurrent liabilities	402,424	410,772	31,470	33,899	433,894	444,671
Total liabilities	<u>459,616</u>	<u>490,278</u>	<u>38,293</u>	<u>44,990</u>	<u>497,909</u>	<u>535,268</u>
Deferred inflows of resources:						
Pension items	-	436	-	147	-	583
OPEB items	4,109	9,139	-	-	4,109	9,139
Leases	697,361	719,367	-	-	697,361	719,367
Total deferred inflows of resources	<u>701,470</u>	<u>728,942</u>	<u>-</u>	<u>147</u>	<u>701,470</u>	<u>729,089</u>
Net position:						
Net investment in capital assets	619,378	583,085	104,891	99,104	724,269	682,189
Restricted	739,144	703,859	-	-	739,144	703,859
Unrestricted	88,890	81,242	159,731	148,063	248,621	229,305
	<u>\$ 1,447,412</u>	<u>\$ 1,368,186</u>	<u>\$ 264,622</u>	<u>\$ 247,167</u>	<u>\$1,712,034</u>	<u>\$1,615,353</u>

Approximately 42.3% of the City's net position, or \$724.3 million, reflects its investment in capital assets (e.g., land, buildings, other improvements, etc.) less any related outstanding debt used to acquire or construct those assets. These capital assets are used to provide services to the community and are not available for future spending. Although the City's investment is reported

net of related debt, the resources required to repay that debt must come from other funding sources, as the capital assets themselves cannot be liquidated to satisfy these obligations.

The largest portion of the City's net position, 43.2% or \$739.1 million, consists of resources that are subject to external restrictions. Restricted net position is limited in use for specific purposes, including capital projects, debt service, Low-and -moderate-income housing programs, and street and road improvements.

The remaining 14.5% of the City's net position, or \$248.6 million, represents unrestricted net position, which may be used to meet the City's ongoing operational and financial obligations.

The City's total assets increased by \$62.9 million compared to the prior fiscal year. This increase includes a \$42.3 million increase in capital assets and a \$20.6 million increase in current and other assets. This growth is primarily attributable to a \$45.1 million increase in cash and investments and a \$3.1 million increase in loans receivable, partially offset by a \$27.7 million decrease in leases receivable.

The City's total liabilities decreased by \$37.4 million from the prior fiscal year. Current liabilities declined by \$26.6 million, largely due to the reclassification of a portion of unearned revenues to deferred inflow of resources related to leases. Non-current liabilities decreased by \$10.8 million, driven primarily by a \$14.6 million reduction in the net pension liability. This decrease was partially offset by an increase of \$5.5 million in Compensated Absences, largely attributed to the implementation of GASB 101.

Analysis of Statement of Activities

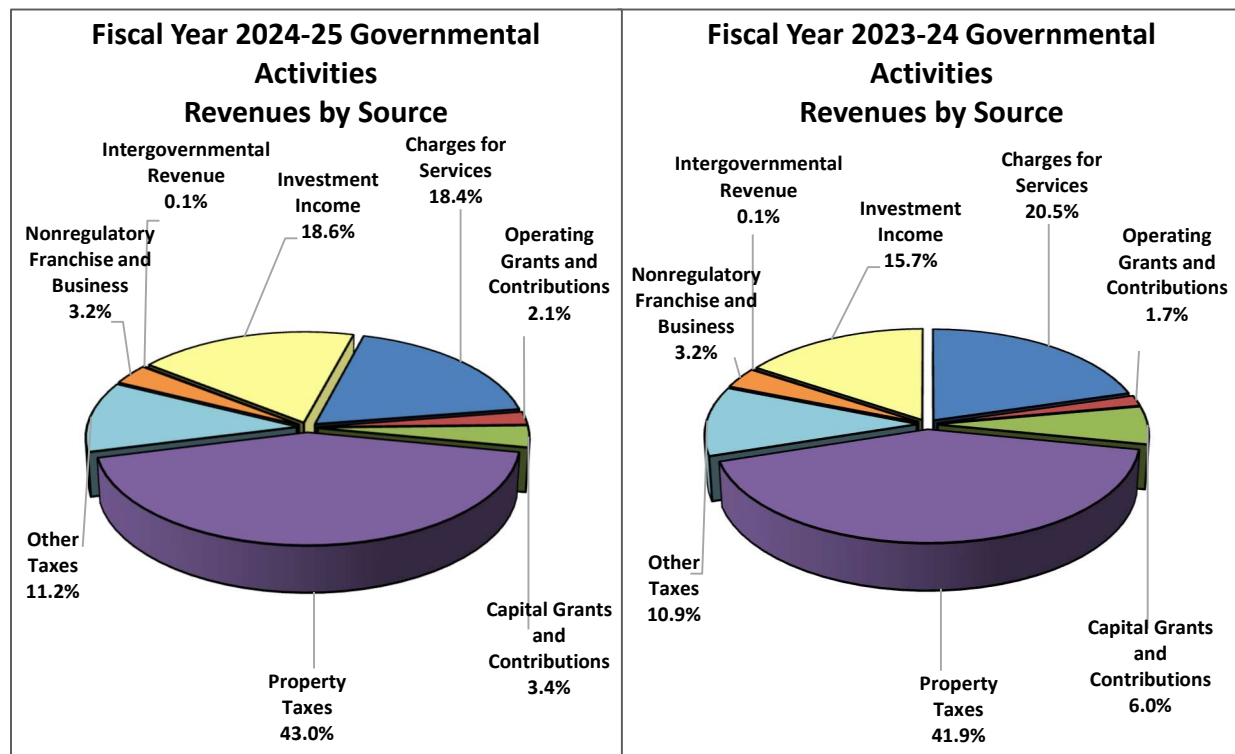
The changes in net position for governmental and business-type activities are as follows:

Condensed Statement of Activities						
(Dollars in Thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for services	\$ 70,322	\$ 75,091	\$ 99,723	\$ 92,965	\$170,045	\$168,056
Operating grants and contributions	7,916	6,086	-	10	7,916	6,096
Capital grants and contributions	13,096	21,853	767	2,866	13,863	24,719
General Revenues:						
Property taxes	164,321	153,598	-	-	164,321	153,598
Sales taxes	21,177	24,492	-	-	21,177	24,492
Transient occupancy tax	10,565	7,961	-	-	10,565	7,961
Utility users tax	11,084	7,648	-	-	11,084	7,648
Nonregulatory franchise and business	12,208	11,766	-	-	12,208	11,766
Intergovernmental revenue	374	293	-	-	374	293
Investment income	71,041	57,607	5,769	3,394	76,810	61,001
Total revenues	382,104	366,395	106,259	99,235	488,363	465,630
Expenses:						
General government	75,532	68,714	-	-	75,532	68,714
Public safety	99,773	95,753	-	-	99,773	95,753
Public works	43,091	46,972	-	-	43,091	46,972
Community development	21,192	19,081	-	-	21,192	19,081
Culture and recreation	52,228	45,265	-	-	52,228	45,265
Interest on long-term debt	3,953	3,918	-	-	3,953	3,918
Water	-	-	43,870	43,734	43,870	43,734
Wastewater	-	-	29,516	28,181	29,516	28,181
Solid Waste	-	-	17,410	15,190	17,410	15,190
Total expenses	295,769	279,703	90,796	87,105	386,565	366,808
Change in net position before transfers	86,335	86,692	15,463	12,130	101,798	98,822
Transfers, net	(2,430)	(1,515)	2,430	1,515	-	-
Change in net position	83,905	85,177	17,893	13,645	101,798	98,822
Beginning net position	1,368,186	1,283,009	247,167	233,522	1,615,353	1,516,531
Restatements	(4,679)	-	(438)	-	(5,117)	-
Ending net position	\$ 1,447,412	\$ 1,368,186	\$ 264,622	\$ 247,167	\$ 1,712,034	\$ 1,615,353

Governmental Activities

Program revenues, such as charges for services, operating grants and contributions, and capital grants and contributions, are generated by, or restricted for use in, the related activities. General revenues consist primarily of taxes and other revenues that are not specifically tied to individual activities. All tax revenues and investment earnings are classified as general revenues.

The following charts provide a graphical comparison of governmental revenues by source for Fiscal Years 2024-25 and 2023-24:



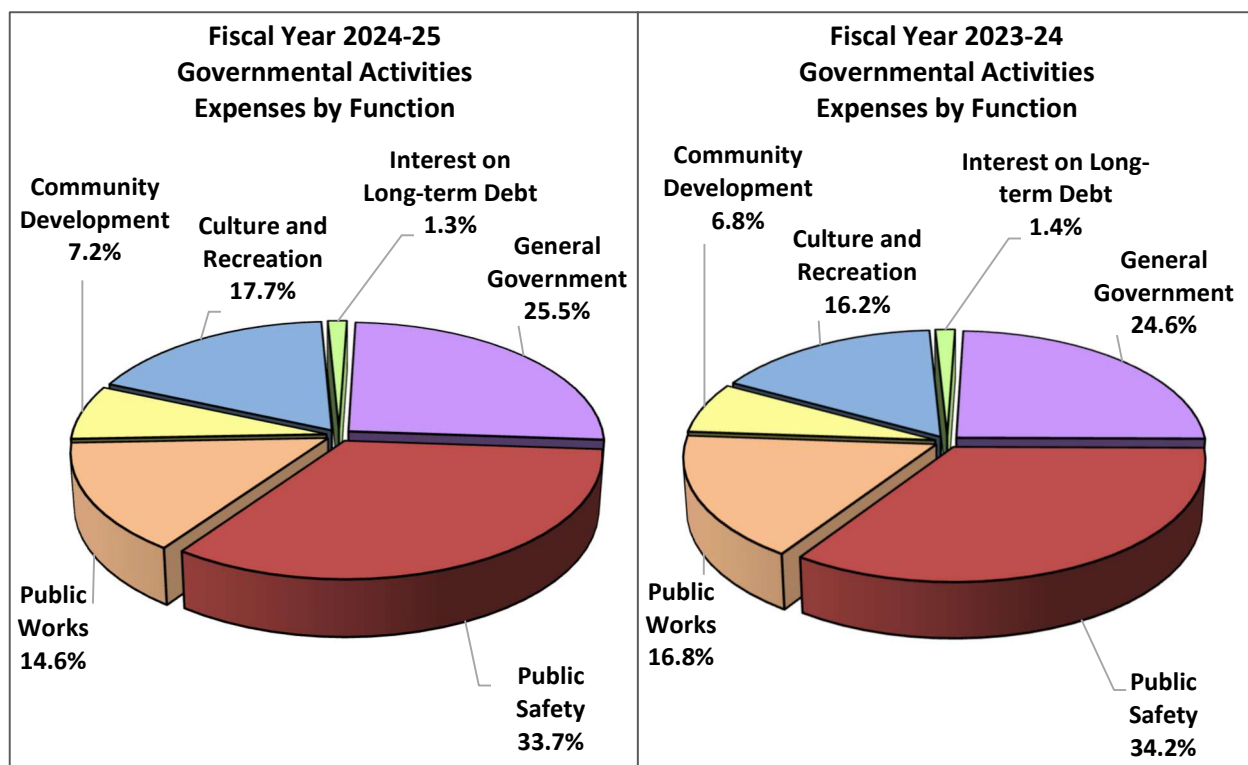
Total Governmental Revenues increased to \$382.1 million, a \$15.7 million increase compared to the prior fiscal year.

Revenue Highlights:

- Charges for services (\$70.3 million), property taxes (\$164.3 million), and investment income (\$71.0 million) were the three largest revenue sources for governmental activities. Combined, these totaled \$305.6 million, or 80.0% of total revenues.
- Property taxes increased by \$10.7 million over the prior fiscal year, reflecting continued strong growth in assessed values across both residential and commercial real estate.

- Investment income increased by \$13.4 million, primarily due to unrealized gains and higher interest earnings resulting from sustained elevated interest rates during the fiscal year.
- Capital grants and contributions decreased by \$8.8 million, primarily because several significant one-time grants were received in Fiscal Year 2023-24. These included a \$2.3 million Measure B reimbursement from VTA for the El Camino Real Bike and Pedestrian Improvement Project (CIP 22-29), a \$1.7 million Santa Clara County grant for the Magical Bridge Playground Project (CIP 18-36), and a \$2.3 million CDBG grant for the Crestview Hotel project. Comparable levels of grant funding were not received in the current fiscal year.

The following charts provide a graphical comparison of the City's governmental expenses by function for Fiscal Years 2024-25 and 2023-24. Please note that these expenses do not include capital outlays, as such amounts are capitalized and added to the City's capital assets rather than reported as current period expenses.



Expense Highlights

Total expenses increased to \$295.8 million in the current fiscal year, an increase of \$16.1 million, or 5.7%, compared to the prior fiscal year. The increase is driven primarily by higher salaries and benefits, including pension and OPEB expenses, resulting from adjustments required under

GASB Statement No. 68 and No. 75. Salaries and benefit costs also rose due to an increase in Council-approved authorized positions, cost-of-living adjustments, and higher benefit costs.

Business-Type Activities

Business-type activities increased the City's net position by \$17.5 million compared to an increase of \$13.6 million from the prior fiscal year. The significant key factors are as follows:

- Water net position increased by \$6.9 million, primarily due to net operating income of \$4.1 million and investment income of \$2.3 million.
- Wastewater net position increased by \$9.5 million, primarily due to net operating income of \$6.0 million, investment income of \$2.3 million, and transfers in of \$1.1 million.
- Solid waste net position increased by \$1.5 million, primarily due to investment income of \$1.1 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds—The focus of the City's governmental funds is to report near-term inflows, outflows, and balances of resources available for spending. This information is particularly useful in assessing the City's short-term financing needs and fiscal capacity. In particular, unassigned fund balance serves as an important indicator of the resources the City has available for discretionary spending at the end of the fiscal year. The City's governmental fund types include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

As of June 30, 2025, the City's governmental funds reported combined ending fund balances of \$1.1 billion, an increase of \$60.9 million compared to the prior fiscal year. The most significant contributors to this change include increases of:

- \$27.2 million in the General Fund
- \$20.3 million in the Shoreline Regional Park Community Fund
- \$6.8 million in the Housing Fund
- \$9.6 million in the General Capital Project fund

These increases were partially offset by a \$3.7 million decrease in the Park Land Dedication Capital Project Fund.

Total fund balance includes an unassigned fund balance of \$162.1 million, which is available for spending at the City's discretion. The remaining fund balance consists of nonspendable (\$6.7 million), restricted (\$811.6 million), committed (\$113.0 million), and assigned (\$4.9 million) amounts, none of which are available for new discretionary spending purposes.

During the fiscal year, total governmental fund revenues were \$379.5 million, while expenditures were \$320.3 million, resulting in revenues exceeding expenditures by \$59.2.

The General Fund is used to account for all revenues and expenditures necessary to support the City's basic governmental activities that are not required to be reported in other funds.

At June 30, 2025, the General Fund's unassigned fund balance was \$162.1 million, an increase of \$28.8 million from the prior fiscal year.

As a measure of the General Fund's liquidity, it is useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance of \$162.1 million represents 61.0% of total fund balance and 78.8% of General Fund expenditures of \$205.9 Million. Total fund balance represents 129.1% of expenditures for the same period, demonstrating a strong liquidity position.

The fund balance of the City's General Fund increased by \$27.2 million during the current fiscal year. Total General Fund revenues increased to \$236.9 million, an increase of \$15.8 million over the prior fiscal year. The growth was primarily driven by an \$8.6 million increase in property tax revenues and an \$8.2 million increase in other taxes, partially offset by a \$3.3 million decline in sales tax revenues.

The increase in property tax revenues reflects continued strong growth in assessed values across both secured and unsecured rolls in the residential and commercial real estate markets. The increase in other taxes was largely attributable to a \$2.6 million rise in transient occupancy tax (TOT), a \$3.4 million increase in utility user tax, and a \$2.0 million increase in property conveyance tax. Additionally, the passage of a new property transfer tax tier in the November 2024 election and the reclassification of property conveyance tax from the Conveyance and Construction Tax Special Revenue Fund to the General Fund contributed to the overall increase in General Fund revenues.

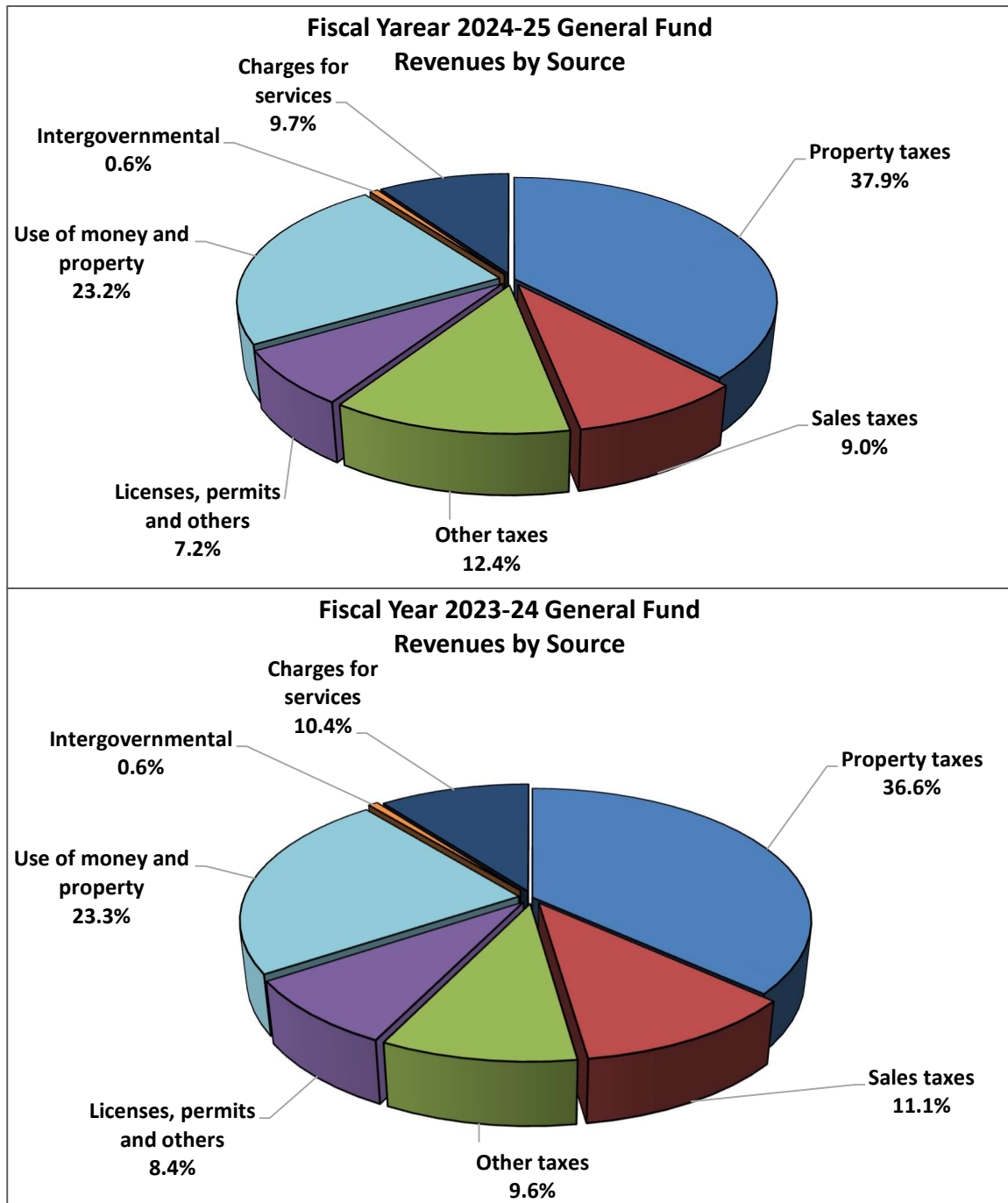
Conversely, sales tax revenues declined due to several factors, including adjustments related to the timing and recording of sales tax receipts in the City's accounting records, the relocation of Synopsys outside the City, multiple retail store closures, and reduced consumer spending—excluding restaurants and hotels, which continued to perform well.

General Fund expenditures increased by \$16.9 million compared to the prior fiscal year, driven primarily by an \$11.6 million increase in salaries and benefits and a \$4.2 million increase in capital outlay. The rise in salaries and benefits reflects positions added in Fiscal Year 2024-25, merit and market salary adjustments, and higher pension contributions.

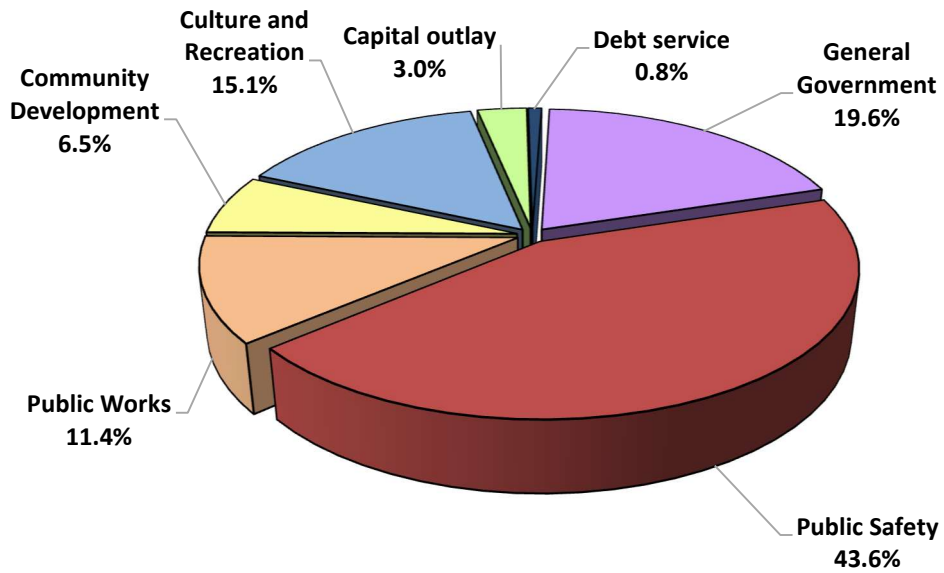
The increase in capital outlay is primarily related to SBITA assets associated with Axon's camera data storage software and Arctic Wolf security software. It is important to note that the

recognition of capital outlay for a SBITA does not indicate that the full cost is paid upfront. Instead, the subscription costs are paid over time; however, GASB Statement No. 96 require the City to record the full value of the subscription as both an asset and a liability in the year the agreement is executed.

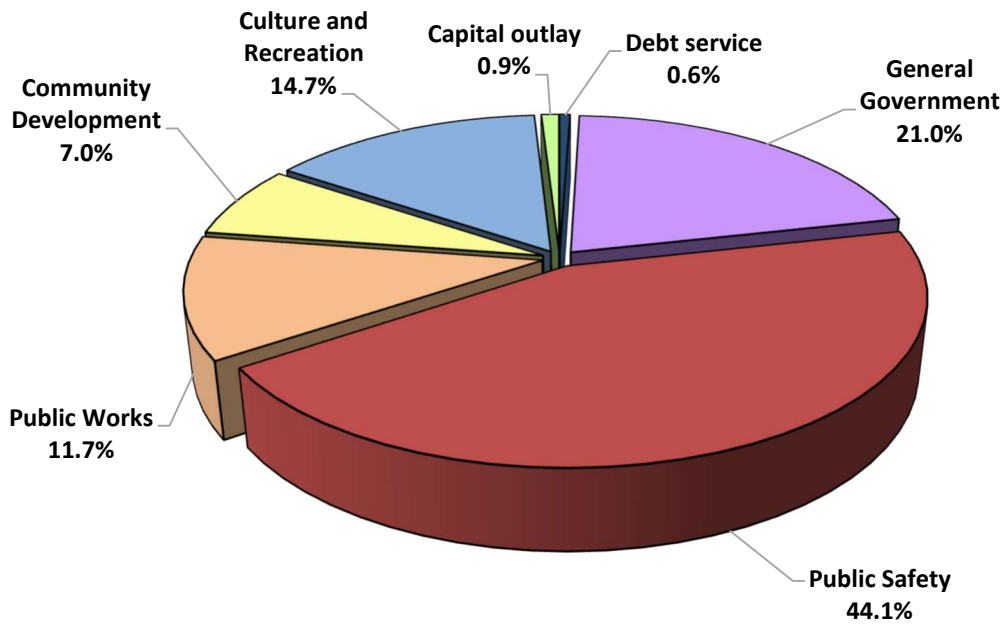
The following charts provide a graphical comparison of General Fund revenues by source and expenditures by function for the fiscal years ended June 30, 2025 and 2024:



**Fiscal Year 2024-25 General Fund
Expenses by Type**



**Fiscal Year 2023-24 General Fund
Expenses by Type**



The Shoreline Regional Park Community Fund receives property tax revenues generated from properties located within the Shoreline Community. The fund accounts for all revenues and expenditures associated with activities and improvements within the Shoreline Community area.

Revenues totaled \$82.4 million for the fiscal year ended June 30, 2025, an increase of \$3.8 million compared to the prior fiscal year. The increase was primarily driven by a \$2.1 million rise in property tax revenues and a \$1.6 million increase in investment earnings, reflecting higher assessed property values and elevated interest earnings and unrealized gains during Fiscal Year 2024-25.

Expenditures were \$34.4 million, up from \$31.2 million in the prior fiscal year. Of this total, \$27.0 million was expended on general government activities – an increase of \$1.6 million from the prior fiscal year.

In addition, \$33.2 million was transferred out to support capital improvement projects and debt service payments, which is consistent with the \$33.7 million transferred in the prior fiscal year.

The fund balance at June 30, 2025, was \$129.4 million, and remains restricted for expenditures benefiting the Shoreline Community.

The Housing Fund accounts for fees paid by developers to provide for increasing and improving the supply of extremely low-, very low-, low-, and moderate-income housing (affordable housing).

Revenues were \$8.7 million for the fiscal year ended June 30, 2025, a decrease of \$0.9 million from the prior fiscal year. The fund balance of \$192.8 million is restricted for future affordable housing projects.

The General Capital Projects Fund accounts for all general capital improvement activities.

Revenues were \$22.6 million for the fiscal year ended June 30, 2025, an increase of \$0.5 million from the prior fiscal year. Investment earnings increased by \$5.0 million, partially offset by a \$4.2 million decrease in intergovernmental revenue. The decrease in intergovernmental revenue is primarily due to the absence of several one-time grants received in the prior fiscal year, including a \$1.7 million grant from Santa Clara County for the Magical Bridge Playground project and \$2.3 million in Silicon Valley Transportation Measure B grant funding.

Expenditures totaled \$54.9 million, consistent with the prior fiscal year. These expenditures were used to support capital outlay projects, including:

- Water and Sewer Main Replacement 101 at Two Locations (CIP 20-41)
- Fire Station 5 Classroom/Training Construction (CIP 20-35)
- Stevens Creek Trail Bridge Over Central Expressway and Evelyn Avenue - Deck Replacement and Painting (CIP 22-35)

The fund balance at June 30, 2025, was \$328.5 million, and is available to fund approved capital projects.

The Park Land Dedication Capital Projects Fund accounts for revenues derived from fees on residential subdivisions, which are restricted for use on park and recreation projects.

Revenues were \$3.3 million for the fiscal year ended June 30, 2025, a decrease of \$0.5 million from the prior fiscal year. No expenditures were incurred in the prior year. In the current year, expenditures totaled \$6.0 million, primarily due to the purchase of the property located at 939 San Rafael Avenue.

The fund balance at June 30, 2025, was \$61.7 million, and is available to fund park and recreation projects.

Proprietary Funds—The City’s proprietary funds statements provide information similar to that presented in the government-wide financial statements but with greater detail.

At the end of the fiscal year, the unrestricted net positions for the Water, Wastewater, and Solid Waste Funds were \$67.2 million, \$75.2 million, and \$17.3 million, respectively. The total increase in net position for the enterprise funds was \$17.5 million, which reflects a \$17.9 million increase during the fiscal year, partially offset by a \$0.4 million restatement of the beginning balance due to the implementation of GASB Statement No. 101.

Net operating income increased for both the Water and Wastewater Funds when compared to the prior fiscal year. The Water Fund’s net operating income of \$4.1 million, increased by \$4.4 million, primarily because the \$4.0 million minimum water purchase obligation payment was made in the prior fiscal year, while no such payment was required in Fiscal Year 2024-25. The Wastewater Fund’s net operating income of \$6.0 million increased by \$0.7 million over the prior year.

The Solid Waste Fund reported negative net operating income of \$0.5 million, a decrease of \$1.9 million from the prior fiscal year. This decline was primarily due to a \$1.6 million increase in charges from the SMaRT (Sunnyvale Materials Recovery and Transfer) Station.

Additional factors affecting the finances of the enterprise funds are discussed earlier in the analysis of the City’s business-type activities.

The City’s internal service funds reported an unrestricted net position of \$34.8 million as of June 30, 2025.

Fiduciary Funds—The City maintains fiduciary funds to account for fiduciary activities and for assets held by the City in a custodial capacity for the benefit of external agencies or employees. As of June 30, 2025, the assets of the custodial funds totaled \$450,000, a decrease of \$220,000 from the prior fiscal year. The decrease is primarily attributable to the reclassification of the Flexible Benefit Plan from a fiduciary fund to the General Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final amended Fiscal Year 2024-25 General Fund budget resulted in a \$1.6 million increase in budgeted revenues, primarily within Other Revenues, and a \$10.4 million increase in expenditure appropriations. Of the expenditure adjustments, \$8.2 million reflects prior-year encumbrances that automatically carried forward at the beginning of the fiscal year, as required by the City Charter. An additional \$1.8 million in appropriations was established for the payment of compensated absences. The remaining adjustments were made midyear to address operational needs not anticipated at the time of budget adoption, as well as to appropriate grants or reimbursements received during the fiscal year.

General Fund actual revenues are \$40.9 million or 20.9% higher than the final amended budget for the fiscal year. The positive variance is primarily attributable to the following revenues exceeding expectations:

- Investment and lease interest income—\$21.8 million higher (primarily due to noncash mark-to-market accounting adjustments for unrealized portfolio gains).
- Property tax revenues—\$10.2 million higher (driven largely by \$9.5 million in Excess Educational Revenue Augmentation Fund property tax, which is not a guaranteed revenue source and remains subject to legislative changes).
- Other taxes—\$4.5 million higher (resulting from unbudgeted property transfer tax revenue of \$2.0 million and higher-than-expected utility user tax and transient occupancy tax revenues of \$1.1 million and \$0.9 million, respectively).
- Charges for services —\$2.5 million higher (primarily due to higher-than-expected administrative cost recovery related to capital projects of \$2.0 million)

Also contributing to the large variance is the City’s practice of analyzing and projecting revenues throughout the fiscal year, but only adjusting the budgets of the City’s largest revenue sources when needed. In addition, the City generally does not budget for uncertain or one-time revenues, such as Excess Educational Revenue Augmentation Funds (ERAF) and various reimbursements, nor does it adjust the budget after such revenues are received. These practices can result in budgeted amounts that are significantly lower than actual revenues.

Actual General Fund expenditures were \$27.8 million lower than the final amended budget for the fiscal year. This variance is primarily attributable to continued salary and benefit savings

resulting from vacant positions, as well as budgeted amounts for limited-period funding, one-time programs, and nondepartmental costs that were included in the final amended budget but were not fully expended during the fiscal year. As the City continues to accelerate recruitment for newly authorized and recently vacated positions, actual salary and benefit expenditures are expected to more closely align with budgeted levels. Since vacancy savings are not formally budgeted, but instead assumed as part of normal operations, these savings also contribute to the variance from budget.

As a result of higher-than-expected revenues and expenditure appropriations that were not fully expended, the General Fund realized a positive budget-to-actual variance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities totaled \$755.5 million (net of accumulated depreciation and amortization) as of June 30, 2025. Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, lease assets, subscription-based IT arrangement (SBITA) assets, and infrastructure. The total net increase in capital assets for the fiscal year was \$42.3 million, or 5.9%.

The change in capital assets, net of depreciation, for governmental and business-type activities are summarized as follows:

	Capital Assets					
	(Dollars in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 193,859	\$ 182,829	\$ 220	\$ 220	\$ 194,079	\$ 183,049
Land easement	-	-	1,678	1,678	1,678	1,678
Construction in progress	150,362	120,658	38,884	28,129	189,246	148,787
Buildings	188,468	188,468	8,748	8,748	197,216	197,216
Improvements other than buildings	267,690	258,496	192,547	191,649	460,237	450,145
Machinery and equipment	46,234	41,603	10,871	8,956	57,105	50,559
Traffic signals	18,869	17,405	-	-	18,869	17,405
Streetlights	13,894	13,513	-	-	13,894	13,513
Bridges and culverts	18,934	18,583	-	-	18,934	18,583
Sidewalks, curbs and gutters	118,306	117,523	-	-	118,306	117,523
Streets and roads	293,941	290,062	-	-	293,941	290,062
Less accumulated depreciation	(677,978)	(650,505)	(138,185)	(129,030)	(816,163)	(779,535)
Lease assets	4,300	4,300	-	-	4,300	4,300
Less accumulated amortization	(1,304)	(660)	-	-	(1,304)	(660)
SBITA assets	6,576	1,590	-	-	6,576	1,590
Less accumulated amortization	(1,434)	(1,040)	-	-	(1,434)	(1,040)
	<u>\$ 640,717</u>	<u>\$ 602,825</u>	<u>\$ 114,763</u>	<u>\$ 110,350</u>	<u>\$ 755,480</u>	<u>\$ 713,175</u>

Major capital asset activities during the fiscal year included the following:

- Total capital assets increased by \$42.3 million, resulting from \$80.0 million in capital asset additions, offset by a \$37.7 million increase in accumulated depreciation and amortization.
- Construction in progress increased by \$40.6 million. Significant projects worked on and/or completed during the year included:
 - Water and Sewer Main Replacement 101 at Two Locations (CIP 20-41)
 - Fire Station 5 Classroom/Training Construction (CIP 20-35)
 - All Inclusive Playground (CIP 18-36)
 - Rengstorff Park Maintenance and Tennis Buildings Replacement Design & Construction (CIP 21-48)

Additional information about the City's capital assets is provided in Note 6 to the financial statements.

Debt Administration

As of June 30, 2025, the City had \$171.6 million of outstanding noncurrent liabilities related to governmental activities and \$11.6 million related to business-type activities, totaling \$183.2 million. Noncurrent liabilities outstanding as of June 30, 2025, with a comparison to the prior year and the net change, are as follows:

Debt Outstanding			
(Dollars in Thousands)			
	2025	2024	Net Change
Revenue bonds	\$ 85,497	\$ 87,574	\$ (2,077)
Compensated absences	16,896	11,911	4,985
Landfill containment	47,881	47,963	(82)
Claims liabilities	13,035	11,794	1,241
Lease liabilities	3,367	3,946	(579)
SBITA liabilities	4,948	395	4,553
Total governmental activities debt	171,624	163,583	8,041
Business-type activities	11,610	12,499	(889)
Total	<u>\$ 183,234</u>	<u>\$ 176,082</u>	<u>\$ 7,152</u>

The increase in noncurrent liabilities was primarily driven by higher SBITA liabilities resulting from two new software agreements entered into during the fiscal year, an increase in compensated

absences due to the implementation of GASB Statement No. 101, and higher claims liabilities. These increases were partially offset by scheduled debt service payments.

The City Charter limits bonded indebtedness for General Obligation bonds to 15.0% of the total assessed valuation of all real and personal property within the City. The City has no general obligation debt outstanding as of June 30, 2025 and has maintained its underlying “AAA” issuer credit rating from Standard & Poor’s since July 2014.

Business-type activities debt consists of water revenue bonds, a reclaimed water loan with the City of Palo Alto, and a wastewater direct financing agreement.

Additional information regarding the City’s noncurrent liabilities can be found in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

All of the factors discussed below were considered in preparing the City’s budget for Fiscal Year 2025-26.

- The local economy is beginning to show signs of slowing. While the City’s major revenues have generally remained stable and, in some cases, benefited from inflationary trends and higher interest rates, these factors are not expected to continue at the same pace. As a result, future growth in the City’s major revenue sources is anticipated to be modest, with some areas experiencing minimal increases or potential softening in the near future. Ongoing uncertainty related to inflation, interest rates, national and state economic policies, and geopolitical conditions contributes to this more cautious outlook and slower projected growth.
- The County Assessor has cautioned that the 2025 assessment roll may show declines in commercial property values. In Mountain View, 11 commercial properties sold in 2024 for less than their prior purchase prices, with declines ranging from \$80,000 to \$80.3 million. Assessment appeals are projected to reduce General Operating Fund revenue by \$2.3 million. Slower home sales, sustained high home prices, and commercial valuation corrections are reflected in the FY 2025–26 Adopted Budget. Overall, property tax revenues are expected to increase 4.8 percent, a notably slower rate than in recent years.
- Sales tax revenue is projected to increase slightly for Fiscal Year 2025-26, reflecting the anticipated opening of new sales tax-generating businesses during the fiscal year. Forecast years beyond Fiscal Year 2025-26 anticipate a return to normal growth, with annual increases of approximately 3%.
- Business license revenue is projected to decline 4.5% due to known and potential layoffs. Utility Users Tax (UUT) revenue is projected to be 8.1% higher than the current fiscal year when excluding the \$1.1 million in prior year revenue recognized in Fiscal Year 2024-25,

primarily due to higher energy-related collections. Transient Occupancy Tax (TOT) revenue is expected to increase slightly relative to the current fiscal year, excluding the late payments received in the prior fiscal year.

- Cost-of-service studies were completed for all three utility funds during Fiscal Year 2023-24. As a result, utility rates were adjusted to reflect the true cost of providing services rather than applying across-the-board rate increases. The Fiscal Year 2025-26 adopted rates for the Water, Wastewater, and Solid Waste Management Funds vary due to multi-year implementation of rate structure adjustments, with impacts differing by account type and billed usage. Effective July 1, 2025, the adopted rates reflect total revenue increases of 5% for the Water Fund, 6% for the Wastewater Fund, and 3% for the Solid Waste Fund.

REQUESTS FOR INFORMATION

These financial statements are intended to provide residents, taxpayers, investors, and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or financeadmin@mountainview.gov.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Mountain View
Statement of Net Position
June 30, 2025
(Dollars in Thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 959,732	\$ 104,075	\$ 1,063,807
Restricted cash and investments	75,044	1	75,045
Receivables:			
Accounts	3,176	17,657	20,833
Taxes	7,222	-	7,222
Interest	5,598	1,039	6,637
Leases	10,966	-	10,966
Internal balances	(59,816)	59,816	-
Inventories	869	-	869
Deposits and prepaid items	21,179	-	21,179
Total current assets	1,023,970	182,588	1,206,558
Noncurrent assets:			
Capital assets:			
Nondepreciable	344,221	40,782	385,003
Depreciable	977,212	212,166	1,189,378
Less accumulated depreciation	(680,716)	(138,185)	(818,901)
Total capital assets	640,717	114,763	755,480
Loans and notes	135,021	-	135,021
Lease Receivable	730,043	-	730,043
Total noncurrent assets	1,505,781	114,763	1,620,544
Total assets	2,529,751	297,351	2,827,102
DEFERRED OUTFLOWS OF RESOURCES			
Pension items	58,689	5,564	64,253
OPEB items	20,058	-	20,058
Total deferred outflows of resources	78,747	5,564	84,311
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	30,612	4,707	35,319
Interest payable	1,633	-	1,633
Refundable deposits	7,189	438	7,627
Unearned revenue	7,666	-	7,666
Compensated absences - current	2,855	212	3,067
Accrued self-insurance costs - current	4,202	-	4,202
Long-term debt - current portion	3,035	1,466	4,501
Total current liabilities	57,192	6,823	64,015
Noncurrent liabilities:			
Compensated absences	14,041	1,526	15,567
Accrued self-insurance costs	8,833	-	8,833
Net pension liability	234,342	21,538	255,880
Net OPEB liability	6,550	-	6,550
Long-term debt	138,658	8,406	147,064
Total noncurrent liabilities	402,424	31,470	433,894
Total liabilities	459,616	38,293	497,909
DEFERRED INFLOWS OF RESOURCES			
OPEB items	4,109	-	4,109
Leases	697,361	-	697,361
Total deferred inflows of resources	701,470	-	701,470
NET POSITION			
Net investment in capital assets	619,378	104,891	724,269
Restricted for:			
Capital projects	331,590	-	331,590
Debt service	45	-	45
Low and moderate income housing	205,847	-	205,847
Shoreline Regional Park Community	121,681	-	121,681
Grants and regulations	79,981	-	79,981
Total restricted	739,144	-	739,144
Unrestricted	88,890	159,731	248,621
Total net position	\$ 1,447,412	\$ 264,622	\$ 1,712,034

City of Mountain View
Statement of Activities
For the year ended June 30, 2025
(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 75,532	\$ 49,074	\$ 380	\$ -	\$ 49,454
Public safety	99,773	1,566	1,046	-	2,612
Public works	43,091	3,061	5,272	8,046	16,379
Community development	21,192	7,433	1,067	5,050	13,550
Culture and recreation	52,228	9,188	151	-	9,339
Interest on long-term debt	3,953	-	-	-	-
Total governmental activities	295,769	70,322	7,916	13,096	91,334
Business-type Activities:					
Water	43,870	47,575	-	339	47,914
Wastewater	29,516	35,274	-	428	35,702
Solid Waste	17,410	16,874	-	-	16,874
Total business-type activities	90,796	99,723	-	767	100,490
Total primary government	\$ 386,565	\$ 170,045	\$ 7,916	\$ 13,863	\$ 191,824

General Revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy taxes

Utility users tax

Nonregulatory franchise and business, unrestricted

Intergovernmental - not restricted to specific programs

Investment income

Total taxes

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Restatements

Beginning of year, as restated

Net position - end of year

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (26,078)	\$ -	\$ (26,078)
(97,161)	-	(97,161)
(26,712)	-	(26,712)
(7,642)	-	(7,642)
(42,889)	-	(42,889)
(3,953)	-	(3,953)
(204,435)	-	(204,435)
-	4,044	4,044
-	6,186	6,186
-	(536)	(536)
-	9,694	9,694
(204,435)	9,694	(194,741)
164,321	-	164,321
21,177	-	21,177
10,565	-	10,565
11,084	-	11,084
12,208	-	12,208
374	-	374
71,041	5,769	76,810
290,770	5,769	296,539
(2,430)	2,430	-
288,340	8,199	296,539
83,905	17,893	101,798
1,368,186	247,167	1,615,353
(4,679)	(438)	(5,117)
1,363,507	246,729	1,610,236
\$ 1,447,412	\$ 264,622	\$ 1,712,034

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

City of Mountain View

Balance Sheet

Governmental Funds

June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds		
	General Fund	Shoreline Regional Park Community	Housing Fund
ASSETS			
Cash and investments	\$ 229,039	\$ 126,854	\$ 96,941
Restricted cash and investments	195	7,703	-
Receivables:			
Accounts	2,179	142	11
Taxes	7,222	-	-
Interest	1,791	1,509	585
Loans and notes	2,033	-	100,774
Leases	740,875	-	-
Inventory	757	-	-
Deposits and prepaid items	3,777	-	-
Total assets	\$ 987,868	\$ 136,208	\$ 198,311
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 16,094	\$ 6,655	\$ 197
Refundable deposits	6,635	57	376
Unearned revenue	2,102	112	4,984
Advances from other funds	-	-	-
Total liabilities	24,831	6,824	5,557
Deferred Inflows of Resources			
Deferred inflows - leases	697,232	-	-
Total deferred inflows of resources	697,232	-	-
Fund Balances:			
Nonspendable	6,567	-	-
Restricted	449	129,384	192,754
Committed	91,754	-	-
Assigned	4,899	-	-
Unassigned	162,136	-	-
Total fund balances	265,805	129,384	192,754
Total liabilities, deferred inflows of resources and fund balances	\$ 987,868	\$ 136,208	\$ 198,311

Capital Project			
General Capital Project	Park Land Dedication Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
\$ 334,388	\$ 44,338	\$ 81,017	\$ 912,577
59,946	-	6,098	73,942
20	-	824	3,176
-	-	-	7,222
-	428	964	5,277
-	-	32,214	135,021
-	134	-	741,009
-	-	112	869
-	17,000	-	20,777
<u>\$ 394,354</u>	<u>\$ 61,900</u>	<u>\$ 121,229</u>	<u>\$ 1,899,870</u>
\$ 6,066	\$ 5	\$ 543	\$ 29,560
-	55	66	7,189
-	56	412	7,666
59,816	-	-	59,816
65,882	116	1,021	104,231
-	129	-	697,361
-	129	-	697,361
-	-	112	6,679
328,472	61,655	98,903	811,617
-	-	21,233	112,987
-	-	-	4,899
-	-	(40)	162,096
328,472	61,655	120,208	1,098,278
<u>\$ 394,354</u>	<u>\$ 61,900</u>	<u>\$ 121,229</u>	<u>\$ 1,899,870</u>

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City of Mountain View
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2025
(Dollars in Thousands)

Total Fund Balances - Total Governmental Funds \$ 1,098,278

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Nondepreciable	\$ 344,221	\$ -	\$ 344,221
Depreciable, net	296,496	-	296,496
Total capital assets	<u>\$ 640,717</u>	<u>\$ -</u>	<u>640,717</u>

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

34,781

In the Government-Wide Financial Statements, deferred employer contributions for pension and OPEB, certain differences between actuarial estimates and actual results, and other adjustments resulting from changes in assumptions and benefits are deferred in the current year.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Deferred outflows of resources related to pension	58,689	-	58,689
Deferred outflows of resources related to OPEB	20,058	-	20,058
Deferred inflows of resources related to pension	-	-	-
Deferred inflows of resources related to OPEB	(4,109)	-	(4,109)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Compensated absences - due within one year	\$ (2,855)	\$ 15	(2,840)
Accrued self-insurance costs - due within one year	(4,202)	4,202	-
Interest payable	(1,633)	-	(1,633)
Long-term debt - due within one year	(3,035)	-	(3,035)
Compensated absences - due in more than one year	(14,041)	97	(13,944)
Accrued self-insurance costs - due in more than one year	(8,833)	8,833	-
Long-term debt - due in more than one year	(138,658)	-	(138,658)
Net pension liability	(234,342)	-	(234,342)
Net OPEB liability	(6,550)	-	(6,550)
Total long-term liabilities	<u>\$ (414,149)</u>	<u>\$ 13,147</u>	<u>(401,002)</u>

Net Position of Governmental Activities

\$ 1,447,412

City of Mountain View

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the year ended June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds		
	General Fund	Shoreline Regional Park Community	Housing Fund
REVENUES:			
Property taxes	\$ 89,770	\$ 73,235	\$ -
Sales taxes	21,177	-	-
Other taxes	29,435	-	-
Licenses, permits and fees	10,840	-	-
Fines and forfeitures	746	-	-
Use of money and property	54,964	8,997	5,518
Intergovernmental	1,414	-	838
Charges for services	22,942	56	49
Developer fees and contributions	494	-	2,104
Other	5,088	77	225
Total revenues	236,870	82,365	8,734
EXPENDITURES:			
General government	40,363	27,028	-
Public safety	89,993	136	-
Public works	23,466	1,728	-
Community development	13,379	451	2,528
Culture and recreation	31,043	5,042	-
Capital outlay	5,960	64	-
Debt service:			
Principal	1,433	-	-
Interest and fiscal charges	239	-	-
Total expenditures	205,876	34,449	2,528
REVENUES OVER (UNDER)			
EXPENDITURES	30,994	47,916	6,206
OTHER FINANCING SOURCES (USES):			
Transfers in	8,837	5,579	617
Transfers out	(18,087)	(33,204)	(5)
Initiation of SBITAs	5,407	-	-
Total other financing sources (uses)	(3,843)	(27,625)	612
Net change in fund balances	27,151	20,291	6,818
FUND BALANCES:			
Beginning of year	\$ 238,654	\$ 109,093	\$ 185,936
End of year	\$ 265,805	\$ 129,384	\$ 192,754

Capital Project			
General Capital Project	Park Land Dedication Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,317	\$ 164,322
-	-	-	21,177
-	-	4,881	34,316
-	-	296	11,136
-	-	-	746
21,454	3,321	4,098	98,352
1,071	-	7,545	10,868
-	-	4,776	27,823
-	-	317	2,915
115	-	2,295	7,800
22,640	3,321	25,525	379,455
-	-	2,652	70,043
-	-	256	90,385
-	-	117	25,311
-	-	3,357	19,715
-	-	4,312	40,397
54,895	6,012	-	66,931
-	-	1,860	3,293
-	-	3,964	4,203
54,895	6,012	16,518	320,278
(32,255)	(2,691)	9,007	59,177
65,673	5,222	12,114	98,042
(23,769)	(6,202)	(20,493)	(101,760)
-	-	-	5,407
41,904	(980)	(8,379)	1,689
9,649	(3,671)	628	60,866
\$ 318,823	\$ 65,326	119,580	1,037,412
\$ 328,472	\$ 61,655	\$ 120,208	\$ 1,098,278

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City of Mountain View

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities

For the year ended June 30, 2025

(Dollars in Thousands)

Net Change in Fund Balances - Total Governmental Funds

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

\$ 60,866

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of the amount related to internal service funds.

62,988

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds, net of the amount related to internal service funds.

(30,502)

Accrued compensated leave payments were reported as expenditures in the governmental funds, however expense is recognized in the Government-Wide Statement of Activities based on earned leave accruals.

(304)

Repayments of long-term debt are recognized as expenditures in the governmental funds. In the government-wide statements, repayments of long-term liabilities are reported as reductions of liabilities. Expenditures for repayment of principal portion of long-term debt were not reported in the Government-Wide Statement of Activities.

3,293

Current year employer pension and OPEB contributions are recorded as expenditures in the governmental funds, however, these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.

42,427

Pension and OPEB expense reported in the Government-Wide Statement of Activities does not require the use of current financial resources, and therefore is not reported as expenditures in governmental funds.

(51,092)

Some 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

Change in accrued interest payable

33

Change in landfill containment

82

Change in unamortized discount/premium

217

Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.

(4,103)

Change in Net Position of Governmental Activities

\$ 83,905

City of Mountain View

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Fund

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Property taxes	\$ 78,063	\$ 79,616	\$ 89,770	\$ 10,154
Sales taxes	24,478	21,487	21,177	(310)
Other taxes	23,676	24,948	29,435	4,487
Licenses, permits and fees	10,600	10,600	10,840	240
Fines and forfeitures	457	457	746	289
Use of money and property	33,148	33,148	54,964	21,816
Intergovernmental	727	1,104	1,414	310
Charges for services	20,466	20,466	22,942	2,476
Developer fees and contributions	586	586	494	(92)
Other	2,206	3,553	5,088	1,535
Total revenues	194,407	195,965	236,870	40,905
EXPENDITURES:				
Current:				
General government				
City council	549	582	380	202
City clerk	1,511	1,512	1,333	179
City attorney	3,901	4,166	3,239	927
City manager	16,334	17,693	8,329	9,364
Human Resources	5,948	8,190	7,194	996
Information technology	9,365	9,568	7,395	2,173
Finance and administrative services	13,890	14,182	12,493	1,689
Public safety				
Fire	38,040	39,337	37,305	2,032
Police	55,187	55,924	52,688	3,236
Public works	27,750	29,945	23,466	6,479
Community development				
Community development	15,985	16,237	12,638	3,599
Housing	735	771	741	30
Culture and recreation				
Community services	25,219	25,755	23,155	2,600
Library services	8,564	9,052	7,888	1,164
Capital outlay	271	731	5,960	(5,229)
Debt service:				
Principal	-	-	1,433	(1,433)
Interest and fiscal charges	-	-	239	(239)
Total expenditures	223,249	233,645	205,876	27,769
REVENUES OVER (UNDER)				
EXPENDITURES	(28,842)	(37,680)	30,994	68,674
OTHER FINANCING SOURCES (USES):				
Transfers in	1,770	4,670	8,837	4,167
Transfers out	(8,946)	(18,086)	(18,087)	(1)
Proceeds from long-term debt	-	-	5,407	5,407
Total other financing sources (uses)	(7,176)	(13,416)	(3,843)	9,573
Net change in fund balances	\$ (36,018)	\$ (51,096)	27,151	\$ 78,247
FUND BALANCES:				
Beginning of year			238,654	
End of year			<u>\$ 265,805</u>	

City of Mountain View

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Shoreline Regional Park Community

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Property taxes	\$ 77,122	\$ 73,214	\$ 73,235	\$ 21
Use of money and property	4,613	7,423	8,997	1,574
Charges for services	55	55	56	1
Other	45	45	77	32
Total revenues	81,835	80,737	82,365	1,628
EXPENDITURES:				
Current:				
General government				
City attorney	70	90	-	90
Finance and administrative services	27,282	27,322	27,028	294
Public safety				
Fire	193	209	97	112
Police	40	40	39	1
Public works	2,137	2,210	1,728	482
Community development				
Community development	720	750	429	321
Housing	22	22	22	-
Culture and recreation				
Community services	5,691	5,800	5,042	758
Capital outlay	141	185	64	121
Total expenditures	36,296	36,628	34,449	2,179
REVENUES OVER (UNDER)				
EXPENDITURES	45,539	44,109	47,916	3,807
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,579	5,579
Transfers out	(23,622)	(33,586)	(33,204)	382
Total other financing sources (uses)	(23,622)	(33,586)	(27,625)	5,961
Net change in fund balances	\$ 21,917	\$ 10,523	20,291	\$ 9,768
FUND BALANCES:				
Beginning of year			109,093	
End of year			<u>\$ 129,384</u>	

City of Mountain View

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Housing Fund

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,734	\$ 2,734	\$ 5,518	\$ 2,784
Intergovernmental	-	870	838	(32)
Charges for services	-	-	49	49
Developer fees and contributions	-	-	2,104	2,104
Other	150	225	225	-
Total revenues	2,884	3,829	8,734	4,905
EXPENDITURES:				
Current:				
Community development	42,674	71,556	2,528	69,028
Total expenditures	42,674	71,556	2,528	69,028
REVENUES OVER (UNDER)				
EXPENDITURES	(39,790)	(67,727)	6,206	73,933
OTHER FINANCING SOURCES (USES):				
Transfers in	543	543	617	74
Transfers out	(5)	(5)	(5)	-
Total other financing sources (uses)	538	538	612	74
Net change in fund balances	\$ (39,252)	\$ (67,189)	6,818	\$ 74,007
FUND BALANCES:				
Beginning of year			185,936	
End of year			\$ 192,754	

City of Mountain View
Statement of Net Position
Proprietary Funds
June 30, 2025
(Dollars in Thousands)

	Business-Type Activities				Governmental Activities -
	Water	Wastewater	Solid Waste	Totals	Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments	\$ 44,717	\$ 41,284	\$ 18,074	\$ 104,075	\$ 47,155
Restricted cash and investments	1	-	-	1	1,102
Receivables:					
Accounts	7,629	5,851	4,177	17,657	-
Interest	442	478	119	1,039	321
Deposits and prepaid items	-	-	-	-	402
Total current assets	52,789	47,613	22,370	122,772	48,980
Noncurrent:					
Advances to other funds	26,257	32,905	654	59,816	-
Capital assets:					
Nondepreciable capital assets	20,608	19,299	875	40,782	-
Depreciable capital assets	122,229	78,601	11,336	212,166	178
Accumulated depreciation	(80,027)	(50,432)	(7,726)	(138,185)	(178)
Net capital assets	62,810	47,468	4,485	114,763	-
Total noncurrent assets	89,067	80,373	5,139	174,579	-
Total assets	141,856	127,986	27,509	297,351	48,980
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflow - pension related	2,801	1,602	1,161	5,564	-
Total deferred outflows of resources	2,801	1,602	1,161	5,564	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	2,468	378	1,861	4,707	1,052
Refundable deposits	438	-	-	438	-
Compensated absences - current	97	67	48	212	15
Accrued self-insurance costs - current	-	-	-	-	4,202
Long-term debt - current portion	825	641	-	1,466	-
Total current liabilities	3,828	1,086	1,909	6,823	5,269
Noncurrent liabilities:					
Compensated absences	750	464	312	1,526	97
Accrued self-insurance costs	-	-	-	-	8,833
Net pension liability	10,888	6,021	4,629	21,538	-
Net OPEB liability	-	-	-	-	-
Long-term debt	2,425	5,981	-	8,406	-
Total noncurrent liabilities	14,063	12,466	4,941	31,470	8,930
Total liabilities	17,891	13,552	6,850	38,293	14,199
DEFERRED INFLOWS OF RESOURCES					
Total deferred inflows of resources	-	-	-	-	-
NET POSITION					
Net investment in capital assets	59,560	40,846	4,485	104,891	-
Unrestricted	67,206	75,190	17,335	159,731	34,781
Total net position	\$ 126,766	\$ 116,036	\$ 21,820	\$ 264,622	\$ 34,781

City of Mountain View

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the year ended June 30, 2025

(Dollars in Thousands)

	Business-Type Activities				Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Totals	
OPERATING REVENUES:					
Charges for services	\$ 45,564	\$ 34,421	\$ 16,690	\$ 96,675	\$ 15,832
Other	2,011	853	184	3,048	2,934
Total operating revenues	47,575	35,274	16,874	99,723	18,766
OPERATING EXPENSES:					
Salaries and related expenses	8,287	5,150	3,704	17,141	8,527
Insurance claims and premiums	-	-	-	-	9,214
Cost of sales and services	25,461	17,055	10,125	52,641	-
General and administrative	4,295	3,410	3,121	10,826	9,065
Depreciation	5,480	3,670	460	9,610	-
Total operating expenses	43,523	29,285	17,410	90,218	26,806
Operating income (loss)	4,052	5,989	(536)	9,505	(8,040)
NONOPERATING REVENUES (EXPENSES):					
Investment income	2,305	2,345	1,119	5,769	2,649
Interest expense	(172)	(231)	-	(403)	-
Loss on disposal of capital assets	(175)	-	-	(175)	-
Total nonoperating revenues (expenses)	1,958	2,114	1,119	5,191	2,649
Income before contributions and transfers	6,010	8,103	583	14,696	(5,391)
CONTRIBUTIONS AND TRANSFERS:					
Capital contributions - developer fees	63	45	-	108	-
Capital contributions - others	276	383	-	659	-
Transfers in	922	1,099	1,004	3,025	5,089
Transfers out	(348)	(143)	(104)	(595)	(3,801)
Total contributions and transfers	913	1,384	900	3,197	1,288
Change in net position	6,923	9,487	1,483	17,893	(4,103)
NET POSITION:					
Beginning of year	\$ 120,060	\$ 106,668	\$ 20,439	247,167	38,909
Restatements	(217)	(119)	(102)	(438)	(25)
Beginning of year, as restated	119,843	106,549	20,337	246,729	38,884
End of year	\$ 126,766	\$ 116,036	\$ 21,820	\$ 264,622	\$ 34,781

City of Mountain View
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2025
(Dollars in Thousands)

	Business-Type Activities				Governmental Activities - Internal Service Funds
	Water	Wastewater	Solid Waste	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 44,955	\$ 34,063	\$ 16,761	\$ 95,779	\$ -
Cash received from Interfund charges	-	-	-	-	18,766
Cash paid to suppliers for goods and services	(33,536)	(20,179)	(14,074)	(67,789)	(8,307)
Cash paid to employees for services	(7,997)	(4,988)	(3,639)	(16,624)	(8,527)
Claims paid	-	-	-	-	(7,973)
Other receipts	2,011	853	184	3,048	-
Net cash provided by (used in) operating activities	5,433	9,749	(768)	14,414	(6,041)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	922	1,099	1,004	3,025	5,089
Transfers out	(348)	(143)	(104)	(595)	(3,801)
Advances paid to other funds	3,798	(13,723)	57	(9,868)	-
Net cash provided by (used in)					
noncapital financing activities	4,372	(12,767)	957	(7,438)	1,288
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on capital debt	(755)	(619)	-	(1,374)	-
Interest paid	(172)	(231)	-	(403)	-
Acquisition of capital assets	(5,987)	(6,583)	(1,628)	(14,198)	-
Contributions from developers	63	45	-	108	-
Contributions from others	276	383	-	659	-
Net cash provided by (used in)					
capital and related financing activities	(6,575)	(7,005)	(1,628)	(15,208)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	2,225	2,209	1,101	5,535	2,586
Net cash provided by (used in) investing activities	2,225	2,209	1,101	5,535	2,586
Net cash flows	5,455	(7,814)	(338)	(2,697)	(2,167)
CASH AND INVESTMENTS - Beginning of year	39,263	49,098	18,412	106,773	50,424
CASH AND INVESTMENTS - End of year	\$ 44,718	\$ 41,284	\$ 18,074	\$ 104,076	\$ 48,257
RECONCILIATION OF CASH AND CASH EQUIVALENTS:					
Cash and investments	44,717	41,284	18,074	104,075	47,155
Restricted cash and investments	1	-	-	1	1,102
Total cash and cash equivalents	\$ 44,718	\$ 41,284	\$ 18,074	\$ 104,076	\$ 48,257
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 4,052	\$ 5,989	\$ (536)	\$ 9,505	\$ (8,040)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	5,480	3,670	460	9,610	-
Changes in assets and liabilities:					
Accounts receivable	(588)	(358)	71	(875)	-
Deposits and prepaid items	-	-	-	-	(12)
Accounts payable and accrued liabilities	(3,780)	286	(828)	(4,322)	770
Refundable deposits	(21)	-	-	(21)	-
Accrued compensated absences	57	17	(27)	47	-
Accrued self-insurance costs	-	-	-	-	1,241
Deferred outflows of resources - OPEB items	104	97	137	338	-
Deferred outflows of resources - pension items	866	521	357	1,744	-
Deferred inflows of resources - pension items	(76)	(37)	(34)	(147)	-
Net pension liability	(557)	(339)	(231)	(1,127)	-
Net OPEB liability	(104)	(97)	(137)	(338)	-
Net cash provided by (used in) operating activities	\$ 5,433	\$ 9,749	\$ (768)	\$ 14,414	\$ (6,041)

See accompanying Notes to the Basic Financial Statements.

City of Mountain View
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025
(Dollars in Thousands)

	Custodial Funds
ASSETS	
Cash and investments	\$ 50
Restricted cash and investments	400
Total assets	<u>450</u>
LIABILITIES	
Total liabilities	<u>-</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	450
Total Net Position	<u><u>\$ 450</u></u>

City of Mountain View
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2025
(Dollars in Thousands)

	Custodial Funds
ADDITIONS:	
Fees and others collected	\$ 475
Total additions	<u>475</u>
DEDUCTIONS:	
Distribution to others	<u>518</u>
Total deductions	<u>518</u>
Change in net position	(43)
NET POSITION:	
Beginning of year	670
Restatements	(177)
Beginning of year, as restated	<u>493</u>
End of year	<u>\$ 450</u>

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mountain View (City) was incorporated in 1902 and is a charter city, having had its charter granted by the State of California in 1952. The City operates under the Council-Manager form of government and provides the following services: public safety (police, fire, and paramedic), public works, utilities (water, wastewater, and solid waste), community development, cultural and recreation services and administration and support services.

A. Reporting Entity

The accompanying basic financial statements present the financial activities of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

The Mountain View Shoreline Regional Park Community (Shoreline Community) - is a separate government entity created for the purpose of developing approximately 1,550 acres of bayfront lands. The Shoreline Community's governing board is the same as the City and the City's management has operational responsibility for the Shoreline Community. Its financial activities have been blended in the accompanying financial statements in the Shoreline Regional Park Community Special Revenue Fund and the nonmajor debt service funds. Separate financial statements for the Shoreline Community are also included as a component of the City's Annual Comprehensive Financial Report.

The City of Mountain View Capital Improvements Financing Authority (Financing Authority) - is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital improvements within the City. The Financing Authority's governing board is the same as the City, the Financing Authority provides services solely to the City, and a financial benefit/burden relationship exists between the City and the Financing Authority. Its financial activities have been blended in the accompanying financial statements in the nonmajor debt service funds. Separate financial statements for the Financing Authority are not required and therefore, not issued.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities. These standards require that the financial statements described below be presented.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, and (c) grants and contributions of capital assets or resources that are restricted for capital purposes. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as contributions and investment income, result from nonexchange transactions or ancillary activities.

C. Major Funds

Major funds are defined as funds that have either assets combined with deferred outflow of resources, liabilities combined with deferred inflow of resources, revenues or expenditures/expenses equal to 10.0 percent of their fund-type total and 5.0 percent of the grand total of governmental and enterprise funds. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund, and the City may select other funds it believes should be presented as major funds.

The City reports major governmental funds in the basic financial statements as follows:

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Shoreline Regional Park Community Fund (Special Revenue) - This fund receives property tax revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

Housing Fund (Special Revenue) - This fund accounts for fees paid by developers to provide for increasing and improving the supply of extremely low, very low, low, and moderate income housing (affordable housing).

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds (Continued)

General Capital Projects Fund (Capital Projects) - This fund accounts for all capital improvement projects activities.

Park Land Dedication Capital Projects Fund (Capital Projects) - This fund accounts for revenues derived from fees on residential subdivisions used for park and recreation projects.

The City reports all of its enterprise funds as major funds in the accompanying financial statements:

Water Fund – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlay required to supply, distribute and meter water. The City has agreements with the San Francisco Public Utilities Commission and the Santa Clara Valley Water District for the supply of wholesale water.

Wastewater Fund – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlay required to provide wastewater services. The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant (Treatment Plant).

Solid Waste Fund – This fund accounts for the revenues and expenses related to disposal services, recycling operations, other solid waste operations, capital outlay and certain costs related to maintenance of the closed landfill sites. Collection operations are provided by an outside private contractor. The City has an agreement with the City of Sunnyvale for disposal transfer capacity at the Sunnyvale Materials and Recovery Transfer (SMaRT®) Station.

The City also reports the following fund types:

Internal Service funds – These funds account for equipment maintenance and replacement, workers' compensation insurance, unemployment self-insurance, liability self-insurance, retirees' health plan, and employee benefits plan, all of which are provided to other funds on a cost-reimbursement basis.

Custodial funds – These funds are fiduciary funds used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. These include custodial balances and activities of the labor unions and Center for Performing Arts. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements.

D. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues, except sales taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year end. A ninety-day availability period is used for sales taxes in order to include the State of California (State) final distribution of sales taxes revenue for the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, landfill containment costs and compensated absences, which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and leases financing are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, sales taxes, certain intergovernmental revenues, transient occupancy taxes, utility user taxes, earned grant entitlements, special assessments due within the current fiscal year and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost -reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated in the preparation of the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources and taxes are reported as general revenues rather than as program revenues.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Inventory

Inventories are valued at cost (first in, first out). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as expenditures at the time individual inventory items are consumed. Inventories of the Shoreline Golf Links Nonmajor Special Revenue Fund consist of merchandise held for resale to consumers. The cost is recorded as expenditures at the time individual inventory items are sold. Inventories of supplies are reported at cost, whereas inventories held for resale are reported at lower of cost or market.

F. Prepaids

Certain payments to vendors for services applicable to future accounting periods are recorded as prepaids in both the government-wide financial and fund financial statements. The City follows consumption method of recognizing revenue and as such prepaid amounts are expensed during the periods benefited.

G. Property Taxes

The County of Santa Clara (County) assesses properties and it bills, collects, and distributes property taxes to the City. The County remits to the City the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax becomes a lien on January 1 and is due in two installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax bills are distributed in July and are due upon receipt, and become delinquent after August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings and are secured by liens on the property owner. Property tax revenues are recognized by the City in the fiscal year they are levied, provided they become available as defined above.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

Compensated absences, representing earned but unused vacation, sick leave pay and related costs, are reported in the Statement of Net Position. The City implemented GASB Statement No. 101, *Compensated Absences* during fiscal year 2024-25. Liabilities for leave are assumed to be accrued using the first in, first out method, meaning the leave that was earned previously is used or paid or settled first. The City has recorded a liability only when it is more likely than not that the leave will be taken or paid for. All compensated absences and related costs are accrued when incurred in the government-wide and proprietary fund financial statements. The City uses the vesting method for the calculation of compensated absences.

I. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheets report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position and Balance Sheets report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Pension and Other Postemployment Benefits (OPEB) Items

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, pension and OPEB expenses, information about the fiduciary net position of the City's Pension and OPEB plans, and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit Trust (CERBT) Fund Program, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. CalPERS plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value. The governmental activities' share of net pension liability and net OPEB liability are typically liquidated by the General Fund.

K. Effects of New GASB Pronouncements

The City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements in Fiscal Year 2024-25:

1. In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of these requirements has significant impact on the City's Sick leave balance. The City restated its beginning fund balances in accordance with GASB 100-Accounting Changes and Error Corrections as part of implementing this standard. See disclosure in Note 15.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Effects of New GASB Pronouncements (Continued)

In December 2024, the GASB issued 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. Implementation of these requirements did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2025.

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements for the GASB statements as follows:

1. In April 2025, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2026.
2. In September 2025, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets – The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this statement are going to be effective for the City's fiscal year ending June 30, 2026.

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING

A. *Budgets and Budgetary Accounting*

The City adopts an annual budget before July 1 for the ensuing fiscal year for the General Fund and all Special Revenue Funds except for the Deferred Assessments Fund.

No annual budgets are adopted for the Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

The Storm Drain Construction and Park Land Dedication Capital Projects Funds are budgeted annually. All other Capital Projects Funds are budgeted on a project basis. Such budgets are based on a project time frame, rather than a fiscal year operating time frame, whereby unused appropriations continue until project completion.

Budget appropriations become effective on each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level, meaning that total appropriations for each fund and department may not be exceeded without City Council authorization. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

All Governmental Fund Type annual budgets are presented on a basis consistent with the basic financial statements prepared in accordance with GAAP.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances, grants, and donations outstanding at the end of each prior fiscal year.

The City Council must approve appropriation increases to departmental budgets; however, management may transfer Council-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and certain accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

B. *Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year-end are automatically reappropriated for inclusion in the following fiscal year's budget.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except restricted cash and investments, so the pool of funds can be invested consistent with goals for safety and liquidity, while maximizing yield. Cash is pooled so individual funds can make expenditures at any time.

A. Policies

For custodial credit risk, California law requires banks and savings and loan institutions to pledge government securities with a fair value of 110.0 percent of the City's cash on deposit, or first trust deed mortgage notes with a fair value of 150.0 percent of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the City employs the trust department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value. The carrying value of these investments are periodically adjusted to reflect their fair value at each fiscal year end and the effects of these adjustments are included as income or expense for that fiscal year.

Investment income is allocated among funds on the basis of average daily cash and investment balances in each fund, unless there are specific legal or contractual requirements to do otherwise.

Cash and investments with an original maturity of three months or less are considered to be cash equivalents in the proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the fiscal year.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2025. Cash and investments are as follows (dollars in thousands):

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total
Cash and investments	\$ 959,732	\$ 104,075	\$ 50	\$ 1,063,857
Restricted cash and investments	75,044	1	400	75,445
Total cash and investments	<u>\$ 1,034,776</u>	<u>\$ 104,076</u>	<u>\$ 450</u>	<u>\$ 1,139,302</u>

Cash and investments as of June 30, 2025, consist of the following (dollars in thousands):

Cash on hand	\$ 14
Deposits with financial institutions	4,162
Investments	<u>1,135,126</u>
Total cash and investments	<u><u>\$ 1,139,302</u></u>

C. Investments Authorized by the California Government Code and the City's Investment Policy

The California Government Code and the City's Investment Policy authorize the investment types in the following table, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maximum maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and the City's Investment Policy (Continued)

The City's Investment Policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	(A)	No limit
U.S. Agency Securities	5 years	50%	25%
U.S. Agency Mortgage-backed Securities	5 years	20%	25%
Callable Securities (Treasuries, Agencies, Corp. Notes)	5 years	10%	5%
Commercial Paper	180 days	15%	5%
Banker's Acceptances	180 days	20%	5%
Medium-term Notes Issued by U.S. Corporations	5 years	15%	5%
Mutual Funds Invested in U.S Government Securities	N/A	10%	5%
Certificates of Deposit:			
FDIC Insured Time Deposits	2 years	10%	5%
Collateralized Time Deposits	2 years	10%	5%
Negotiable Time Deposits	2 years	10%	5%
Municipal Bonds Issued by the City or any of its Component Units	(B)	(B)	(B)
Local Agency Investment Fund (LAIF)	N/A	20%	N/A
Joint Power Authority (JPA) Investment Pools	N/A	10%	N/A
Supranational Securities	5 years	10%	5%

(A) The policy requires a minimum of 25 percent of the total portfolio to be invested in U.S. Treasury Obligations. The policy does not specify a maximum for this type of investment.

(B) The policy allows only municipal bonds issued by the City of Mountain View or its component units at limits and maturities as approved by the City Council.

D. Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate, credit, and concentration of credit risks.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements (Continued)

The investment types that are authorized for investments held by bond trustee are as follows:

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	No Limit
U.S. Agency Securities	No Limit
Deposit Accounts, Federal Funds and Banker's Acceptances	180 days
FDIC Insured Certificates of Deposit	No Limit
Commercial Paper	180 days
Money Market Mutual Funds	No Limit
State and Local Agency Bonds	No Limit
Insurer Approved Investment Contracts	No Limit
Insurer Approved Other Forms of Investments Including Repurchase Agreements	No Limit
Local Agency Investment Fund (LAIF)	No Limit
Joint Power Authority (JPA) Investment Pools	No Limit
Certificate of deposit	2 years

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the modified duration (modified duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investments' full price) of its portfolio. The City monitors interest rate risk inherent in investments held by the trustee by using specific identification.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk (Continued)

The City's interest rate risk by investment type and fair value is as follows (dollars in thousands):

Investment Type	Fair Value Amount	Modified Duration (in years)
Held by the City:		
LAIF	\$ 75,349	N/A
U.S. Treasury Obligations	605,027	2.55
U.S. Agency Securities	156,671	2.06
Corporate Notes	124,573	2.71
Supranational Securities	84,851	2.54
Municipal Bonds - Shoreline Regional Park Community 2018		
Revenue Bonds	2,377	3.48
Money Market Mutual Funds	13,805	N/A
Held by Bond Trustee:		
Money Market Mutual Funds	72,473	N/A
Total Investments	<u>\$ 1,135,126</u>	

Through the City's Investments Policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the modified duration of its investment portfolio to within 15.0 percent of the modified duration of a benchmark portfolio as defined in the Investment Policy. As of June 30, 2025, the allowed modified duration ranged from 1.67 to 2.27 years and the actual is within this range.

Investments in municipal bonds shown above represent the City's investment in the Shoreline Regional Park Community 2018 Revenue Bonds. The balance as of June 30, 2025, is stated at amortized cost, which approximates fair value.

The City is a 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. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost basis. LAIF is part of the State's Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$178.1 billion as of June 30, 2025. Of that amount, 97.04 percent was invested in nonderivative financial products and 2.96 percent in structured notes and asset backed securities. As of June 30, 2025, LAIF had an average maturity of 248 days.

Mutual Money Market Funds investments are available for withdrawal on demand and as of June 30, 2025, have an average maturity of less than 60 days.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City’s Investment Policy is to apply the prudent investor’s standard in managing the overall portfolio. The standard states that investments shall not be made for speculation but shall be made with judgment and care, which investors of prudence, discretion and intelligence exercise considering the safety of principal, liquidity, and return on investment in this priority order. As of June 30, 2025, the City’s investment in money market mutual funds, and supranational securities are rated AAA by Standard & Poor’s. U.S. agency securities are rated AA by Standard & Poor’s. The medium-term notes are rated between A and AA by Standard & Poor’s. The U.S. Treasury obligations are exempt from credit rating disclosure. The Municipal Bonds - Shoreline Regional Park Community 2018 Revenue Bonds are rated A+ by Standard & Poor’s. The Local Agency Investment Fund was not rated as of June 30, 2025.

G. Concentration of Credit Risk

The City’s Investment Policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U.S. Treasury obligations, money market mutual funds and external investment pools. As of June 30, 2025, those investments held by the City consisted of the following (dollars in thousands):

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	\$ 97,787

H. Fair Value Hierarchy

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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2025, All of the City’s investments are measured using level 2 inputs, except for investments in LAIF and money market mutual funds, which are not subject to the fair value hierarchy. Investments measured using level 2 inputs are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these investments. Matrix pricing is used to value investments based on the investments’ relationship to benchmark quoted prices.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE

As of June 30, 2025, the City's loans and notes receivable are as follows (dollars in thousands):

Bill Wilson Center	\$	133
CDBG Rehabilitation		95
Central Park Apartments		1,816
East Evelyn Affordable Housing		21,700
901 E El Camino Real		7,985
950 W El Camino Real (PAH)		22,773
El Camino West Affordable Studios		3,452
Employee homebuyer Program		2,033
Franklin Street Family Apartments		12,547
Ginzton Terrace		666
HomeSafe		100
1100 La Avenida		14,737
Mid-Peninsula Support network		55
Montecito LP		12,782
MV Lot 12 Housing Partners		1,049
North Shoreline Housing		8,158
Palo Alto Housing		8,000
Project Match		132
Rengstorff Affordable Housing		8,166
San Antonio Place LP		5,465
San Veron Park		187
Sierra Vista Apartments Affordance Housing		238
SR Fountains LP		1,041
Stoney Pine Charities		124
Tyrella Gardens		1,587
Total	\$	<u>135,021</u>

The City engages in programs designed to encourage construction or improvement of housing for persons with extremely low to moderate income or other such projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. The City does not expect to collect these loans in the near term, and most of the loan terms are deferred to the future. Any proceeds collected are restricted by grant requirements and thus these balances have been offset by a restriction of fund balance in the fund financial statements. Due to the nature of the repayment structures of the City's housing loans, the City is not accruing interest on these loans. Interest revenue is recognized upon receipt.

These loan programs are funded by Community Development Block Grants (CDBG) funds, Home Investment Partnership Act (HOME) grant funds, Housing Fund, General Fund, and former Mountain View Revitalization Authority (Authority). With the dissolution of the Authority effective January 31, 2012, the City became the Housing Successor Agency. The balances of the loans were transferred to the Housing Successor Special Revenue Fund (Housing Successor) of the City.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

A. *Bill Wilson Center*

On December 5, 2008, the City loaned \$133,000 to The Bill Wilson Center, a nonprofit corporation, for the acquisition and operation of a youth and counseling services shelter. The loan was funded by CDBG funds and is due in 30 years and has a term of 3.0 percent simple interest. As of June 30, 2025, the amount of the loan outstanding is \$133,000.

B. *CDBG Rehabilitation*

The City administers a housing rehabilitation loan program initially funded with CDBG funds. Under this program, individuals with incomes below a stated level are eligible to receive low-interest loans for rehabilitation work on their home. These loans are secured by deeds of trust, which may be subordinated with the prior written consent of the City. The loan repayments may be amortized over the life of the loans, deferred to maturity or combination of both. There are three such loans outstanding totaling \$95,000 as of June 30, 2025.

C. *Central Park Apartments*

On July 1, 1998, the City and Housing Successor funds loaned \$2.2 million to the Coalition for the acquisition and rehabilitation of a 149-unit apartment complex known as Central Park Apartments at 90 Sierra Vista Avenue to be used to provide housing for very-low- to low income seniors. The entire project was initially funded by three loans: \$388,000 from Housing set aside funds to be repaid over nine years, commencing in Fiscal Year 1998-99 and bearing 3.0 percent annual interest; \$1.2 million of CDBG funds to be repaid over 36 years commencing in Fiscal Year 2012-13 and bearing 3.0 percent annual interest; and \$612,000 from HOME grant funds to be repaid over 21 years commencing in Fiscal Year 2004-05 and bearing 3.0 percent annual interest.

On August 19, 2004, the City loaned \$498,000 to the Coalition for the rehabilitation of the Central Park Apartments. The loan was funded by CDBG funds to be repaid over 16 years commencing in Fiscal Year 2017-18 and bearing 1.2 percent annual interest. This CDBG loan was fully paid off during Fiscal Year 2025.

On April 17, 2006, the City approved a \$748,000 loan to the Coalition for the construction of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and repayment is deferred until January 1, 2054, or upon the repayment of the \$1.3 million HOME loans described below.

On June 1, 2007, the City approved a loan of \$1.3 million to fund the development cost of 104 apartments. The loan was funded by HOME grant funds with zero percent interest and repayment is deferred until the later of January 1, 2041, or upon repayment of the \$851,000 Housing Successor's loan. The HOME loan was fully paid off during Fiscal Year 2024.

On July 24, 2007, the City approved a \$405,000 loan to the Coalition for the development of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and final payment is deferred until July 1, 2063. As of June 30, 2025, the amount of this CDBG loan is \$367,000.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

C. Central Park Apartments (Continued)

On April 23, 2013, the City approved an additional loan of \$275,000 from CDBG funds to the Coalition. The loan was used to upgrade the utilities and install energy-efficient hot water heaters in the original 149-unit apartment complex. The loan bears annual interest at 1.5 percent, with repayment deferred until calendar year 2034 or upon repayment of the \$498,000 CDBG loan.

As of June 30, 2025, the total outstanding balance of all loans related to Central Park apartments is \$1.8 million.

D. East Evelyn Affordable Housing

On May 31, 2016, the City entered into a loan agreement with Evelyn Avenue Family Apartments, LP for an affordable housing development at 779 East Evelyn Avenue. The total loan amount is \$21.7 million and was funded by Housing funds. The loan has a 55-year term with 3.0 percent simple interest rate. As of June 30, 2025, the amount of the loan outstanding is \$21.7 million.

E. 901 E El Camino Real

In January 2021, the City Council voted to work with the County of Santa Clara to facilitate the acquisition and rehabilitation of the Crestview Hotel, located at 901 East El Camino Real, to meet various housing needs. Since then, the City Council has approved to loan up to \$9.1 million to Jamboree Housing Corporation for this affordable housing project. This loan is to be funded by HOME grant funds, CDBG grants funds, Housing funds, and federal grants for the amounts of \$3.6 million, \$3.8 million, \$878,000, and \$750,000, respectively. The term of the loan is 3.0 percent interest for 55 years. As of June 30, 2025, the amount of the loan outstanding is \$8.0 million.

F. 950 W El Camino Real (PAH)

On June 1, 2020, the City entered into a loan agreement with 950 El Camino Real, L.P. (950 ECR) for an affordable housing development at 950 West El Camino Real. The total loan amount is \$22.8 million and was funded by Housing funds. The loan has a 55-year term with 3.0 percent simple interest rate.

During the year ended June 30, 2020, 950 ECR entered into a loan agreement with a third party. The City's loan is subordinate to the third-party loan. 950 ECR, the third party, and the City entered into a subordination agreement in which the City is required to holdback loan proceed of \$4.7 million and deposit into a segregated bank account. During Fiscal Year 2022-23, the holdback loans proceed was disbursed to 950 ECR. As of June 30, 2025, the amount of the loan outstanding is \$22.8 million.

G. El Camino West Affordable Studios

On January 22, 2013, the City approved an agreement to loan up to \$3.5 million to First Community Housing to acquire 0.48 acre of property located at 1581-1585 El Camino Real West. The loan was funded by HOME grant funds and Housing funds for the amounts of \$920,000 and \$2.5 million, respectively. The term of the loan is 3.0 percent interest for 55 years. As of June 30, 2025, the amount of the loan outstanding is \$3.5 million.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

H. Employee Homebuyer Program

The City has an Employee Homebuyer Program to provide home buying and relocation assistance to eligible City employees. The program was funded by General Fund and the notes have terms of thirty years and interest based on applicable federal rate. Payment is deducted from the employee's biweekly paycheck. As of June 30, 2025, there is one employee loan and the outstanding balance is \$2.0 million.

I. Franklin Street Family Apartments

On April 18, 2011, the City approved an agreement to loan up to \$1.3 million to ROEM Development Corporation (ROEM) to acquire a long-term ground lease of property known as 135 Franklin Street. The loan was funded by CDBG funds at 4.0 percent interest and a term of 55 years.

On April 18, 2011, the City approved an agreement to loan up to \$10.6 million to ROEM for the development of an affordable family rental housing development to be located at the property mentioned above. The loan was funded by Housing Successor funds with 4.0 percent interest and a term of 55 years.

On April 18, 2011, the City approved an agreement to loan up to \$646,000 from the Housing fund to ROEM for the same project mentioned above. The loan was funded with 4.0 percent interest and a term of 55 years.

On November 1, 2011, the full loan was assigned to Franklin Street Family Apartments. As of June 30, 2025, the total outstanding balance of all loans related to Franklin Street Family Apartments is \$12.5 million.

J. Ginzton Terrace

On December 11, 1991, the City loaned \$380,000 to the Mid-Peninsula Housing Coalition (Coalition) for predevelopment and land acquisition costs related to the development of a 107- unit affordable senior housing complex located at 375 Oaktree Drive. On May 1, 1993, the City amended the loan agreement and loaned the Coalition an additional \$215,000 for the purpose of paying park and recreation fees required prior to occupancy of the land. On February 12, 1996, excess funds not used were returned to the City in the amount of \$78,000. The loan balance of \$517,000 was funded by CDBG funds.

On May 21, 2013, the City approved another modification to extend the loan term to May 31, 2038, reducing the annual simple interest rate from 6.0 percent to 3.0 percent effective June 1, 2013, and restructured the repayment to be based on 50.0 percent of the residual receipts. The loan balance and accrued interest will become payable on May 31, 2038.

On April 21, 2015, the City awarded \$340,000 in CDBG funds and \$185,000 in HOME funds for rehabilitation activities. The CDBG and HOME loans are to be repaid by January 31, 2066 and January 31, 2071, respectively, with zero percent interest.

As of June 30, 2025, the total outstanding amount of all loans related to Ginzton Terrace is \$666,000.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

K. HomeSafe

On February 21, 2001, the City loaned \$100,000 to the HomeSafe Santa Clara L.P. for the construction of a 25-unit apartment complex at 611 El Camino Real, Santa Clara, to provide affordable housing for women and children who are victims of domestic violence. The loan was funded by \$100,000 of HOME grant funds. The loan bears simple interest at 3.0 percent, but repayment of interest and principal is deferred for 55 years unless during the term of the loan, the apartments no longer meet the affordability test for very low to low-income victims of domestic violence, or if the property is sold or transferred. The loan is collateralized by a first deed of trust. As of June 30, 2025, the amount of the loan outstanding is \$100,000.

L. 1100 La Avenida

On December 8, 2020, the City Council approved a prefunding of \$1.3 million from Housing funds for use in predevelopment activities related to affordable housing developments at 1188 Armand Drive. The City entered into an affordable housing loan agreement, effective as of December 1, 2022, with Avenida Armand, L.P. to provide construction/permanent loan to the developer in the amount of \$15.0 million. The term of the loan is 3.0 percent interest for 55 years. As of June 30, 2025, the amount of the loan outstanding is \$14.7 million.

M. Mid-Peninsula Support Network

On December 23, 1980, the City loaned \$55,000 to Mid-Peninsula Support Network for the acquisition and rehabilitation of a residential structure for the purpose of providing temporary shelter for battered parents and their children. The loan was funded by CDBG funds and becomes payable upon demand by the City upon failure to comply with the terms of the loan agreement. The loan carries a 12.0 percent annual interest rate and shall accrue beginning 30 days following the date of demand. The loan is collateralized by a first deed of trust. As of June 30, 2025, the amount of the loan outstanding is \$55,000.

N. Montecito L.P.

On June 22, 2021, the City Council approved a prefunding of \$1.3 million from Housing funds for use in predevelopment activities related to affordable housing developments at 1265 Montecito Ave. The City executed a predevelopment loan agreement on July 1, 2022 with Montecito, L.P. The term of the loan is no interest and matures on the earlier of i) December 31, 2025, and ii) the date of closing for any construction/permanent loan provided by the City. During the Fiscal year 2024-25, Montecito L.P made an additional draw amounting to \$7.8 million. As of June 30, 2025, the amount of the loan outstanding is \$12.8 million.

O. MV Lot 12 Housing Partners

On March 2, 2024, the City entered into a predevelopment loan agreement of \$1.3 million with MV Lot 12 Housing Partners, L.P. for funding of predevelopment activities on a 1.5-acre real property bounded by California, Bryant, and Mercy Streets. The loan was funded by Housing funds, and the term of the loan is 3.0 percent simple interest and matures on the earlier of i) March 2, 2026, and ii) the date of closing for any construction/permanent loan provided by the City. As of June 30, 2025, the amount of the loan outstanding is \$1.0 million.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

P. North Shoreline Housing

On April 1, 2019, the City entered into an agreement to loan up to \$8.2 million to MP Shorebreeze Associates, L.P. for the development of an affordable multi-family residential rental development to be located at 460 North Shoreline Boulevard. The \$8.2 million loan was funded by HOME grant funds, CDBG grants funds, and Housing funds for the amounts of \$421,000, \$96,000, and \$7.6 million, respectively. The term of the loan is 3.0 percent interest for 55 years. As of June 30, 2025, the amount of the loan outstanding is \$8.2 million.

Q. Palo Alto Housing

On December 20, 2015, the City entered into a predevelopment funding agreement with Palo Alto Housing Corporation for predevelopment activities at 1701 West El Camino Real. This prefunding loan of \$1.0 million was funded from Housing funds. On April 3, 2017, the City entered into a permanent loan agreement with 1701 ECR, LP where the outstanding principal balance of the predevelopment loan was rolled over into the permanent loan. The approved total amount of loan funded by Housing funds for this housing development was \$8.0 million, with 3.0 percent simple interest rate commencing upon City's issuance of a final certificate of occupancy. As of June 30, 2025, the amount of the loan outstanding is \$8.0 million.

R. Project Match

On May 1, 1997, the City loaned \$132,000 to Project Match for the acquisition of the house located at 1675 South Wolfe Road, Sunnyvale, to provide affordable housing for low-income seniors. The loan was funded by HOME grant funds. The loan is to be repaid over a 30-year period at 3.0 percent annual simple interest. Interest and principal amounts are deferred. The loan is collateralized by a second deed of trust. As of June 30, 2025, the amount of the loan outstanding is \$132,000.

S. Rengstorff Affordable Housing

On June 3, 2013, the City approved an agreement to loan up to \$9.0 million to ROEM for the development of an affordable family rental housing development to be located at 819 North Rengstorff Avenue. The loan was funded by Housing funds with 3.0 percent interest and a term of 55 years. As of June 30, 2025, the amount of the loan outstanding is \$8.2 million.

T. San Antonio Place LP (Charities Housing Development Corporation)

On April 25, 2002, the City approved an agreement to loan up to \$5.3 million to Charities Housing Development Corporation (Corporation) for development of an efficiency studios housing project to provide affordable housing for very-low to low-income persons. On July 1, 2004, the Corporation assigned to the San Antonio Place LP all of the rights and obligations under the agreements. The loan amount was amended to loan up to \$5.5 million on December 1, 2006, which would be funded by \$2.5 million of CDBG funds, \$2.2 million of HOME grant funds and \$809,000 of the Housing Successor funds. The loan is provided at zero percent interest with repayment deferred for 55 years unless the San Antonio Place LP no longer meets the terms and conditions of the agreement. As of June 30, 2025, the amount of the loan outstanding is \$5.5 million.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

U. *San Veron Park*

On December 1, 2009, the City amended an agreement with San Veron Corporation to loan up to \$898,000 to renovate one hundred twenty-four affordable Town home units for very-low and low- income households. The loan was funded by HOME grant funds, however, the construction did not occur until Fiscal Year 2012-13. On July 1, 2013, the City approved and authorized the provision of increasing the loan amount to \$1.1 million, and to be drawn from the HOME grant funds. As of June 30, 2025, the amount of the loan outstanding is \$187,000.

V. *Sierra Vista Apartment Affordable Housing*

On February 1, 1999, the City approved to loan up to \$100,000 to Sierra Vista I Limited Partnership/Charities Housing Corporation for the development and renovation of a 34-unit affordable apartment complex to low and moderate income families to be located at 1909 Hackett Avenue. An additional loan in the amount of \$255,000 was approved on January 16, 2007. The loans were funded by CDBG funds with 6.0 percent interest and a term of September 2019 and January 2032, respectively.

On September 24, 2013, the City approved an amendment to the loan agreements with Charities Housing Corporation. This CDBG loan funding will bear interest at 3.3 percent, compound annually on September 1. The term of the loan will be 57 years, maturing on October 1, 2070. As of June 30, 2025, the amount of the loans outstanding is \$238,000.

W. *SR Fountains LP*

On December 1, 2009, the City approved to loan up to \$255,000 to SR Fountains Limited Partnership for the rehabilitation of 124 existing units at The Fountains Apartments property located at 2005 San Ramon Avenue. The loan was funded by HOME grant funds with zero percent interest and repayment is deferred until December 1, 2019. In 2010 and 2012, the City approved an additional \$466,000 and \$305,000, respectively, loan to SR Fountains Limited Partnership.

On April 19, 2016, the City authorized an additional \$675,000 loan from CDBG funds. This loan bears no interest and repayment is deferred until December 31, 2026. Subsequently on May 2, 2017, the City awarded an additional \$450,000 in CDBG funding, increasing this deferred loan to a total of \$1.1 million. An amendment to the loan agreement was entered on June 1, 2018, with no changes to the key loan terms.

As of June 30, 2025, the total outstanding balance of all loans related to SR Fountains LP is \$1.0 million.

X. *Stoney Pine Charities*

On August 16, 2000, the City loaned \$124,000 to the Stoney Pine Charities Housing Corporation for the construction of a 23-unit apartment complex at 212 North Mathilda Avenue and 271-283 West California Avenue, Sunnyvale, to provide affordable housing for very low income persons with developmental disabilities. The loan was funded by \$9,000 of CDBG funds and \$115,000 of HOME grant funds. The loans bear simple interest at 3.0 percent, but repayment of interest and principal is deferred for 40 years. The loans and accumulated interest remain deferred unless during the term of the loan, or after 40 years, the apartments no longer meet the affordability test for very low-income persons with developmental disabilities, or if the property is sold or transferred. The loan is collateralized by a second deed of trust. As of June 30, 2025, the amount of the loan outstanding is \$124,000.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 4 LOANS AND NOTES RECEIVABLE (Continued)

Y. Tyrella Gardens

On May 20, 2003, the City approved to loan up to \$390,000 to MP Tyrella Associates for the development and renovation of an affordable apartment complex to low and moderate income families to be located at 449 Tyrella Avenue. The loan was funded by CDBG funds with 3.0 percent interest and a term of 55 years.

On April 22, 2014, the City awarded MP Tyrella Associates additional loans of \$172,000 from CDBG funds and \$653,000 from HOME funds to rehabilitate 56 existing rental units. The loan agreement for CDBG funds was executed on July 1, 2015, with 3.0 percent simple interest and is due in 50 years. The loan agreement from HOME funds was executed on July 1, 2015, with 3.0 percent simple interest and is due in 43 years.

On August 1, 2022, the City entered into an amended and restated secured promissory note agreement with MP Tyrella Associates and the loan funded by CDBG funds and HOME funds were amended to \$819,000 and \$771,000, respectively. The loan has a 3.0 percent interest and a term of 55 years. As of June 30, 2025, the total outstanding balance of all loans related to Tyrella Gardens is \$1.6 million.

NOTE 5 INTERFUND TRANSACTIONS

A. Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. As of June 30, 2025, there is no outstanding interfund balances.

B. Interfund Advances

Advances are not expected to be repaid within the next fiscal year. As part of the City's capital projects budgeting and funding process, resources from enterprise funds are advanced to the General Capital Projects Fund where the project costs are budgeted for and incurred. These advances are reduced as funds are expended on enterprise fund projects. Any unspent advances will be repaid to the enterprise fund upon the completion of the projects. As of June 30, 2025, the General Capital Projects Fund has outstanding advances of \$26.2 million, \$32.9 million, and \$654,000 from the Water, Wastewater, and Solid Waste enterprise funds, respectively.

C. Internal Balances

Internal balances are presented only in the government-wide financial statements. They represent the net receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5 INTERFUND TRANSACTIONS (Continued)

D. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2025, are as follows (dollars in thousands):

Funds Receiving Transfers	Funds Making Transfers	Amount Transferred	Funding Purpose
General Fund	Shoreline Regional Park Community	\$ 48	C
	Housing	3	C
	General Capital Projects	4,167	B
	Internal Service	2,800	C
	Nonmajor Governmental	1,599	C
	Water	220	C
		8,837	
Shoreline Regional Park Community	General Capital Projects	5,579	B
Housing	General Fund	617	C
		617	
General Capital Projects	General Fund	16,029	C
	Shoreline Regional Park Community	24,630	C
	Park Land Dedication Capital Projects	6,202	C
	Nonmajor Governmental	18,812	C
		65,673	
Park Land Dedication Capital Projects	General Capital Projects	5,222	B
Nonmajor Governmental	Shoreline Regional Park Community	5,447	A
	General Capital Projects	6,667	B
		12,114	
Water	General Capital Projects	922	B
		922	
Wastewater	General Capital Projects	1,076	B
	Internal Service	23	C
		1,099	
Solid Waste	Internal Service	978	C
	General Capital Projects	26	B
		1,004	
Internal Service Funds	General Fund	1,441	C
	Shoreline Regional Park Community	3,079	C
	Housing	2	C
	General Capital Projects	110	B
	Nonmajor Governmental	82	C
	Water	128	C
	Wastewater	143	C
	Solid Waste	104	C
		5,089	
Total Interfund Transfers		\$ 106,156	

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 5 INTERFUND TRANSACTIONS (Continued)

D. Transfers Between Funds (Continued)

The purposes for these transfers are as follows:

- A. To fund debt service payments.
- B. To transfer remaining balances on completed capital improvement projects, interest back to original funding source, and other funds.
- C. Recurring transfers for capital, operating costs, or equipment replacement.

NOTE 6 CAPITAL ASSETS

All capital assets, including intangible assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. The City defines capital assets as assets with an initial individual cost of more than \$100,000 for land and infrastructure, \$25,000 for buildings and improvements other than buildings, and \$5,000 for others, and an estimated useful life in excess of two years.

Depreciation is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The City has assigned the useful lives to capital assets as follows:

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 20 years
Traffic signals	20 years
Streetlights	50 years
Bridges and culverts	60 years
Sidewalks, curbs, and gutters	40 years
Streets and roads	40 years
Intangible right-to-use lease assets	5 years
Intangible right-to-use SBITA assets	3 to 10 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

A. Capital Asset Activities

Capital assets activity for the fiscal year ended June 30, 2025, is as follows (dollars in thousands):

Governmental Activities	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 182,829	\$ 6,012	\$ -	\$ 5,018	\$ 193,859
Construction in Progress	120,658	47,789	-	(18,085)	150,362
Total capital assets not being depreciated	303,487	53,801	-	(13,067)	344,221
Capital assets being depreciated/amortized:					
Buildings	188,468	-	-	-	188,468
Improvements other than buildings	258,496	-	-	9,194	267,690
Machinery and equipment	41,603	6,124	(1,508)	15	46,234
Traffic signals	17,405	1,464	-	-	18,869
Streetlights	13,513	381	-	-	13,894
Bridges and culverts	18,583	-	-	351	18,934
Sidewalks, curbs and gutters	117,523	848	(65)	-	118,306
Streets and roads	290,062	400	(28)	3,507	293,941
Intangible right-to-use lease assets (Note 11)	4,300	-	-	-	4,300
Intangible right-to-use SBITA assets (Note 12)	1,590	5,407	(421)	-	6,576
Total capital assets being depreciated/amortized	951,543	14,624	(2,022)	13,067	977,212
Less accumulated depreciation/amortization:					
Buildings	(115,263)	(4,987)	-	-	(120,250)
Improvements other than buildings	(195,696)	(9,732)	-	-	(205,428)
Machinery and equipment	(31,747)	(2,920)	1,499	-	(33,168)
Traffic signals	(10,086)	(625)	-	-	(10,711)
Streetlights	(7,341)	(156)	-	-	(7,497)
Bridges and culverts	(7,113)	(312)	-	-	(7,425)
Sidewalks, curbs and gutters	(84,390)	(2,856)	49	-	(87,197)
Streets and roads	(198,869)	(7,455)	22	-	(206,302)
Intangible right-to-use lease assets	(660)	(644)	-	-	(1,304)
Intangible right-to-use SBITA assets	(1,040)	(815)	421	-	(1,434)
Total accumulated depreciation/amortization	(652,205)	(30,502)	1,991	-	(680,716)
Net capital assets being depreciated/amortized	299,338	(15,878)	(31)	13,067	296,496
Governmental Activities Capital Assets, Net	\$ 602,825	\$ 37,923	\$ (31)	\$ -	\$ 640,717

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

A. Capital Asset Activities (Continued)

Business-type Activities	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 220	\$ -	\$ -	\$ -	\$ 220
Land easement	1,678	-	-	-	1,678
Construction in Progress	28,129	11,635	-	(880)	38,884
Total capital assets not being depreciated	30,027	11,635	-	(880)	40,782
Capital assets being depreciated:					
Buildings	8,748	-	-	-	8,748
Improvements other than buildings	191,649	658	(640)	880	192,547
Machinery and equipment	8,956	1,919	(4)	-	10,871
Net capital assets being depreciated	209,353	2,577	(644)	880	212,166
Less accumulated depreciation:					
Buildings	(8,570)	(6)	-	-	(8,576)
Improvements other than buildings	(113,200)	(9,231)	451	-	(121,980)
Machinery and equipment	(7,260)	(373)	4	-	(7,629)
Total accumulated depreciation	(129,030)	(9,610)	455	-	(138,185)
Net capital assets being depreciated	80,323	(7,033)	(189)	880	73,981
Business-type Activities Capital Assets, Net	\$ 110,350	\$ 4,602	\$ (189)	\$ -	\$ 114,763

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function for the fiscal year ended June 30, 2025, are as follows (dollars in thousands):

Governmental Activities:

General government	\$ 3,197
Public safety	2,227
Public works	15,695
Community development	193
Culture and recreation	9,190
Total	\$ 30,502

Business-type Activities:

Water	5,480
Wastewater	3,670
Solid Waste	382
Landfill 544 Acre	78
Total	\$ 9,610

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

C. Construction Commitments

The City has active construction projects that include land; improvements other than buildings; buildings; infrastructure; and water, wastewater, and solid waste improvements. Commitments for construction, as of June 30, 2025, are as follows (dollars in thousands):

	Spent to Date	Remaining Commitment
Governmental activities:		
Land	\$ 903	\$ 197
Improvements other than buildings	76,459	7,854
Buildings	36,385	857
Infrastructure	36,615	4,619
Total governmental activities	<u>\$ 150,362</u>	<u>\$ 13,527</u>
Business-type activities:		
Water projects	\$ 20,401	\$ 1,042
Wastewater projects	17,609	1,698
Solid Waste projects	875	3
	<u>\$ 38,885</u>	<u>\$ 2,743</u>

Commitments are funded from 1) revenues received directly by the capital projects fund and 2) general fund, special revenue fund and enterprise fund revenues transferred to the capital projects fund.

D. Joint Use Open Space and Recreational Facilities at a Future School Site

The Los Altos School District (LASD) intended to acquire an approximately 11.65-acre site (Property) within the City for the construction of a new school facility. Of the total site, 9.65-acre of the property (School Site) will be retained by LASD to develop as a school site and for joint use recreational purposes with the City. The remaining 2.0-acre open space (Open Space Park) is planned to be developed into a community park and recreational facilities. On December 11, 2018, the City Council authorized a contribution of \$43.0 million toward the site acquisition, of which \$23.0 million is for the School Site and \$20.0 million is for the Open Space Park.

On July 16, 2019, the City executed a funding and joint use agreement with LASD outlining the City's involvement in the development of the School Site and the opportunities for use of certain joint use recreational facilities during non-school days and non-school hours serving the community. During the year ended June 30, 2020, LASD acquired the Property and the City contributed \$23.0 million to LASD.

On November 19, 2019, the City entered into a property transfer agreement where LASD agrees to transfer the title of the Open Space Park to the City upon the acquisition of the Property and the completion of pre-transfer due diligence activities. As of June 30, 2025, pre-transfer due diligence activities were not completed and the \$20.0 million payment made by the City for the Open Space Park was reported as deposits and prepaid items.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and other liability transactions are summarized below and discussed in detail thereafter.

A. Composition and Changes

Noncurrent liabilities activities for the fiscal year ended June 30, 2025, are as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due within one year
Governmental activities						
Revenue Bonds:						
Shoreline Regional Park Community 2018 Revenue Bonds Series A						
5.0%, due Fiscal Year 2048-49	\$ 53,485	\$ 53,485	\$ -	\$ -	\$ 53,485	\$ -
Add unamortized premium	6,416	5,223	-	(217)	5,006	-
Subtotal 2018 Revenue Bonds Series A	59,901	58,708	-	(217)	58,491	-
Shoreline Regional Park Community 2018 Revenue Bonds Series B						
3.36% to 4.24%, due Fiscal Year 2031-32	10,315	8,445	-	(985)	7,460	1,020
Shoreline Regional Park Community 2022 Refunding Revenue Bonds Series A						
4.83%, due Fiscal Year 2039-40	21,565	20,421	-	(875)	19,546	920
Total Revenue Bonds	91,781	87,574	-	(2,077)	85,497	1,940
Compensated Absences as restated*	-	16,590	306	-	16,896	2,855
Landfill Containment	-	47,963	-	(82)	47,881	-
Lease Liabilities (Note 11)	-	3,946	-	(579)	3,367	663
SBITA Liabilities (Note 12)	-	395	5,407	(854)	4,948	432
Claims liabilities	-	11,794	1,241	-	13,035	4,202
Total governmental activities	<u>\$ 91,781</u>	<u>\$ 168,262</u>	<u>\$ 6,954</u>	<u>\$ (3,592)</u>	<u>\$ 171,624</u>	<u>\$ 10,092</u>

* The change in compensated absences liability is presented as a Net Change

	Original Issue Amount	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due within one year
Business-type activities:						
Water Revenue Bonds 2004 Series A						
3.0%-4.5%, due Fiscal Year 2028-29	\$ 9,700	\$ 2,755	\$ -	\$ (505)	\$ 2,250	\$ 525
City of Palo Alto Loan						
0%, due Fiscal Year 2028-29	6,000	1,500	-	(300)	1,200	300
Less unamortized discount	(1,000)	(250)	-	50	(200)	(50)
Wastewater Direct Financing Arrangement						
3.4%, due Fiscal Year 2033-34	10,100	7,241	-	(619)	6,622	641
Compensated Absences as restated*	-	1,690	48	-	1,738	212
Total business-type activities	<u>\$ 24,800</u>	<u>\$ 12,936</u>	<u>\$ 48</u>	<u>\$ (1,374)</u>	<u>\$ 11,610</u>	<u>\$ 1,628</u>

* The change in compensated absences liability is presented as a Net Change

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES (Continued)

B. Descriptions of Noncurrent Liabilities

2018 Revenue Bonds Shoreline Regional Park Community - On December 19, 2018, the Shoreline Community issued 2018 Revenue Bonds, Series A (Tax-Exempt) and Series B (Taxable) (2018 Bonds) of \$53.5 million and \$10.3 million, respectively. Proceeds from the 2018 Bonds were used to provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2018 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semiannually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when they become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

2022 Refunding Revenue Bonds Shoreline Regional Park Community - On November 22, 2022, the Shoreline Community issued the 2022 Bonds of \$21.6 million through private placement. Proceeds from the 2022 Bonds were used to fully refund the outstanding 2011 Bonds of \$21,100,000. The 2022 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The refunding resulted in net present value savings of \$1.1 million. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when they become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

Compensated Absences - Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated by contributions from various funds, but primarily the General Fund.

Landfill Containment - The City is responsible for managing and controlling methane gas and containment of leachate at three former City-operated landfill sites.

Pursuant to a Postclosure Maintenance Plan filed with the State, the City is obligated for additional postclosure care costs for two of its landfill sites. The estimated costs of postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables. The estimated amount of this obligation as of June 30, 2025, is approximately \$48.0 million. Annual revenues from the Solid Waste Enterprise Fund will fund the postclosure care costs. In accordance with a State-mandated Financial Assurance Mechanism (FAM), the City has pledged Solid Waste Enterprise Fund revenues in the amount of \$3.1 million as of June 30, 2025, for postclosure care costs on these two landfill sites. A third landfill site maintained by the City did not require a FAM to be established for the closure of the site and the City's postclosure care cost is not estimable.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES (Continued)

B. Descriptions of Noncurrent Liabilities (Continued)

Claims Liabilities - The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Estimated liabilities are recorded for claims when it is probable that a loss has occurred and the amount of the loss can be reasonably determined. Further discussion on the City's claim liabilities and Risk Management is included in Note 10.

2004 Water Revenue Bonds - On September 29, 2004, the City issued \$9.7 million of 2004 Water Revenue Bonds, 2004 Series A, to fund the construction of Graham Reservoir. Water fund revenues are pledged to pay the debt service on the bonds. Principal payments are payable annually on June 1 and interest payments semi-annually on June 1 and December 1 from Water Fund Revenues. The City is considered to be in default if the City fails to pay the principal of and interest on the outstanding bonds when they become due and payable and such default has continued for a period of thirty days. Upon the occurrence and during the continuance of any event of default, the trustee may, and upon written notice from the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the principal of the bonds, together with the accrued interest, to be due and payable immediately.

City of Palo Alto Loan – The Cities of Palo Alto and Mountain View began a joint project to construct a reclaimed water pipeline (Project) in 2004. In October 2007, the City of Palo Alto approved a \$9.0 million loan agreement with the State Water Resources Control Board (SWRCB) to finance a portion of the Project. Under the terms of the loan agreement, the Project received \$7.5 million in proceeds. The additional \$1.5 million due on the loan represents in-substance interest. Payments are due annually on the loan for twenty years following the completion of the construction. The City agreed to repay the City of Palo Alto a \$6.0 million share of this loan to finance \$5.0 million of the costs of the Project within the City under the same terms as the original loan agreement with SWRCB. The City will pay \$300,000 annually for twenty years. The project has been completed and payments on the loan commenced on June 30, 2010. There are no acceleration provisions in the event of a payment default for this loan.

Wastewater Direct Financing Arrangement – On November 1, 2018, the City executed an Installment Sale Agreement between the City and the Financing Authority and an Assignment Agreement between the Financing Authority and Opus Bank to provide funds for Wastewater infrastructure capital projects. The financing arrangement is for up to \$10.1 million with a maximum term of 15 years. Wastewater fund revenues are pledged to pay the debt service on the direct financing arrangement. Principal payments are payable annually on December 1 and interest payments semi-annually on June 1 and December 1 from Wastewater Fund Revenues. The City is considered to be in default if the City fails to pay the installment payments when they become due and payable. If an event of default has occurred and is continuing, the lender has the right to declare all unpaid installment payments, principal and accrued interest, to be due and payable immediately.

C. Debt Service Requirements

The pledge of future tax increment revenues ends upon repayment of the \$137.0 million in remaining debt service on the Shoreline Community's Revenue Bonds, which is scheduled to occur in Fiscal Year 2048-49. For the fiscal year ended June 30, 2025, tax increment revenues amounted to \$73.2 million, which represented coverage of 12.6 over the \$5.8 million in debt service.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES (Continued)

C. Debt Service Requirements (Continued)

The pledge of future water fund revenues ends upon repayment of the \$3.7 million in remaining debt service on the Water Revenue Bonds and City of Palo Alto Loan, which are both scheduled to occur in Fiscal Year 2028-29. For the fiscal year ended June 30, 2025, Water Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to \$51.1 million and operating expenses, excluding depreciation or amortization amounted to \$38.1 million. Net Revenues available for debt service amounted to \$13.0 million, which represented coverage of 14.0 over the \$929,000 in debt service.

The pledge of future wastewater fund revenues ends upon repayment of the \$7.7 million in remaining debt service on the Wastewater Direct Financing Arrangement, which are scheduled to occur in Fiscal Year 2033-34. For the fiscal year ended June 30, 2025, Wastewater Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to \$39.1 million and operating expenses, excluding depreciation or amortization amounted to \$25.6 million. Net Revenues available for debt service amounted to \$13.5 million, which represented coverage of 15.8 over the \$852,000 in debt service.

Annual debt service requirements to maturity are as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Governmental Activities		Business-type Activities (Excluding Wastewater Direct Financing Arrangement)		Wastewater Direct Financing Arrangement	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,940	\$ 3,878	\$ 825	\$ 101	\$ 641	\$ 212
2027	2,025	3,793	850	78	663	190
2028	2,105	3,703	875	53	685	167
2029	2,205	3,607	900	27	709	144
2030	2,300	3,507	-	-	733	119
2031-2035	13,110	15,795	-	-	3,191	219
2036-2040	16,740	12,153	-	-	-	-
2041-2045	19,175	7,901	-	-	-	-
2046-2049	20,891	2,153	-	-	-	-
Total	\$ 80,491	\$ 56,490	\$ 3,450	\$ 259	\$ 6,622	\$ 1,051

There are a number of limitations, covenants and restrictions contained in the various bond indentures. The City is in compliance with all material limitations, covenants and restrictions.

NOTE 8 PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified regular and probationary employees are eligible to participate in either the City’s Miscellaneous (all other) or Safety (police and fire) plans (Plans), agent multiple-employer defined benefit pension plans administered by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans 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 the CalPERS website at www.calpers.ca.gov.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees’ Retirement Law. The California Public Employees’ Pension Reform Act (PEPRA), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as “PEPRA” members.

The Plans’ provisions and benefits in effect as of June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50+	52+
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	11.67%	11.67%

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	3% @50	2.7% @57
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50+	50+
Required employee contribution rates	9.00%	12.00%
Required employer contribution rates	23.11%	23.11%

Employees Covered – Employees covered by the benefit terms for each Plan as of June 30, 2024, the most recent actuarial valuations information available, are as follows:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	774	335
Inactive employees entitled to but not yet receiving benefits	570	102
Active employees	479	154
Total	1,823	591

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

A. General Information about the Pension Plans (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined rate is the projected 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. For the purpose of increasing the funded status of the Plans, the City contributed \$2.7 million and \$1.6 million in excess of the actuarially determined contributions for the Miscellaneous and Safety Plans, respectively, during the fiscal year ended June 30, 2025.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023 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 actuarial assumptions as follows:

	Miscellaneous and Safety Plans
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.
Mortality Rate Table	Derived using CalPERS membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS’ specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the 2021 CalPERS Experience Study for the period from 2001 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the 2021 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – There were no assumption changes in measurement period 2024.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

B. Net Pension Liability (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expense of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset 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%
Total	100%	

(1) - An expected inflation of 2.30% used for this period.

(2) - Figures are based on the 2021 Asset Liability Management study.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

C. Changes in the Net Pension Liability

The changes in the net pension liability for each Plan are as follows (dollars in thousands):

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at Measurement Date 6/30/2023	\$ 540,539	\$ 407,806	\$ 132,733
Changes during the measurement period:			
Service Cost	10,926	-	10,926
Interest on the total pension liability	37,350	-	37,350
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	10,220	-	10,220
Contributions - employer	-	20,538	(20,538)
Contributions - employee	-	6,808	(6,808)
Investment income	-	39,276	(39,276)
Administrative expenses	-	(331)	331
Benefit payments, including refunds of employee contributions	(29,836)	(29,836)	-
Net changes	28,660	36,455	(7,795)
Balance at Measurement Date 6/30/2024	\$ 569,199	\$ 444,261	\$ 124,938

Safety Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at Measurement Date 6/30/2023	\$ 474,377	\$ 336,678	\$ 137,699
Changes during the measurement period:			
Service Cost	9,453	-	9,453
Interest on the total pension liability	32,602	-	32,602
Changes of Benefit Terms	-	-	-
Differences between expected and actual experience	5,772	-	5,772
Contributions - employer	-	17,676	(17,676)
Contributions - employee	-	4,640	(4,640)
Investment income	-	32,542	(32,542)
Administrative expenses	-	(274)	274
Benefit payments, including refunds of employee contributions	(24,760)	(24,760)	-
Net changes	23,067	29,824	(6,757)
Balance at Measurement Date 6/30/2024	\$ 497,444	\$ 366,502	\$ 130,942
Total Net Pension Liability - All Plans at June 30, 2024	\$ 1,066,643	\$ 810,763	\$ 255,880

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The net pension liability of the City for each Plan, calculated using the discount rate for each 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 or one percentage point higher than the current rate are as follows (dollars in thousands):

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan	\$ 198,532	\$ 124,938	\$ 64,196
Safety Plan	195,960	130,942	77,253
Total	<u>\$ 394,492</u>	<u>\$ 255,880</u>	<u>\$ 141,449</u>

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the fiscal year ended June 30, 2025, the City recognized pension expense of \$25.1 million and \$23.5 million for the Miscellaneous and Safety Plans, respectively.

The City reported deferred outflows of resources related to pensions by sources for the fiscal year ended June 30, 2025 as follows (dollars in thousands):

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 20,934	\$ -
Differences between actual and expected experience	9,813	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	6,071	-
Total	<u>\$ 36,818</u>	<u>\$ -</u>

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 17,508	\$ -
Differences between actual and expected experience	4,940	-
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	4,987	-
Total	<u>\$ 27,435</u>	<u>\$ -</u>
Total - All Plans	<u>\$ 64,253</u>	<u>\$ -</u>

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

C. Changes in the Net Pension Liability (Continued)

As of June 30, 2025, the City reported \$20.5 million and \$17.5 million as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (dollars in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>	<u>Total</u>
2026	\$ 6,040	\$ 2,964	\$ 9,004
2027	13,854	10,305	24,159
2029	(1,758)	(1,459)	(3,217)
2030	(2,252)	(1,883)	(4,135)
Total	<u>\$ 15,884</u>	<u>\$ 9,927</u>	<u>\$ 25,811</u>

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Descriptions – By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees’ Medical and Hospital Care Act (PEHMCA)) under a single employer defined benefit OPEB plan. In December 2008, the City entered into an agreement with CalPERS to participate in the CERBT, an agent multiple-employer other postemployment benefits plan, to fund the City’s OPEB. CERBT, administrated by CalPERS, is managed by an appointed board not under the control of the City Council. CERBT issues a publicly available financial report that can be found on the CalPERS website at www.calpers.ca.gov.

The City also offers a Defined Contribution (DC) Plan to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account (HSA). Employees who have elected the DC Plan are not included in the City’s actuarial valuation for OPEB.

Employees Covered – Employees covered by the benefit terms as of June 30, 2024, the most recent actuarial valuations information available, are as follows:

Inactive employees or beneficiaries currently receiving benefits	485
Active employees	372
Total	<u>857</u>

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. General Information about the OPEB Plan (Continued)

Benefits Provided – The City provides medical and vision OPEB benefits. The City provided OPEB by group and eligibility is as follows:

Group	Hire Date	Minimum Years of Service	CalPERS Retirement Date	City-Paid Benefit
MVFF Safety	Any	5 years CalPERS service	Any	PEMHCA benefits; Same contribution % as active employees
POA Safety				
Fire and Police Managers				
Non-Sworn POA	Prior to July 1, 1990	5	Prior to July 1, 1992	100% of single premium
			July 1, 1992 and later	85% of single premium
	July 1, 1990 through June 30, 2007	15	Any	85% of single premium
	July 1, 2007 and later*			85% of single premium for any open City HMO plan
SEIU Maintenance	Prior to September 1, 1989	5	Any	100% of single premium
	September 1, 1989 through June 30, 2007	15		
	July 1, 2007 and later*			
SEIU Clerical and Technical	Prior to September 1, 1989	5	Prior to March 1, 1993	100% of single premium
			March 1, 1993 through June 27, 1998	85% of single premium
			After June 27, 1998	100% of any single HMO premium; 85% of any single PPO premium
	September 1, 1989 through June 30, 2007	15	Any	
	July 1, 2007 and later*			
EAGLES and Unrepresented	Prior to August 1, 1989	5	Prior to March 1, 1993	100% of single premium
			March 1, 1993 and later	85% of single premium
	August 1, 1989 through June 30, 2007	15	Prior to January 1, 1997	No Coverage or Benefits
		5, but less than 10	January 1, 1997 and later	50% of single premium
		10, but less than 15		65% of single premium
		15 or more		85% of single premium
	July 1, 2007 and later*	15	Any	85% of single premium for any open City HMO plan
Unrepresented	July 1, 2024 and later*	Greater than 5, but less than 10	Any	50% of single premium for any open City HMO plan
		At least 10 but less than 15	Any	65% of single premium for any open City HMO plan
		15 or more	Any	85% of single premium for any open City HMO plan

*The following employees may waive the Defined Benefit plan and in lieu will be enrolled in the Defined Contribution plan (described above):

- Non-Sworn POA hired July 1, 2015 and later
- SEIU hired July 1, 2010 and later
- EAGLES and Unrepresented hired July 1, 2007 and later

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. General Information about the OPEB Plan (Continued)

Contributions – The City’s OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. For the fiscal year ended June 30, 2025, the City's contributions totaled \$6.7 million, which is approximately \$2.5 million above the actuarially determined contributions. This amount includes \$2.0 million from the implied subsidy.

B. Net OPEB Liability

The City’s net OPEB liability is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability is measured as of June 30, 2024 using an annual actuarial valuation as of June 30, 2024.

Actuarial Assumptions – The total OPEB liability as of June 30, 2025 were determined using actuarial assumptions as follows:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.60%
Inflation	2.50%
Projected Salary Increase	3.00%
Healthcare cost trend rates	6.0% in 2026, fluctuating down to 3.9% by 2075
Mortality	2021 CalPERS Experience Study
Mortality Improvement	MW Scale 2022

- (1) Demographic actuarial assumptions used are based on the 2021 CalPERS Experience Study for the period from 1997 to 2019, except for using the MacLeod Watts Scale 2022 applied generationally from 2015 as the basis to project future morality improvements.

Change in Assumptions – There were no changes in assumptions during measurement.

Discount Rate - The discount rate used to measure the total OPEB liability is 5.6 percent. The projection of cash flows used to determine the discount rate assumed that the City's contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OEPB plan investments is applied to all periods of projected benefit payments to determine the total OPEB Liability.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability (Continued)

The long-term expected rate of return for OPEB plan investments is 5.60 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (1-5 years) and the long-term (6-20 years) using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

Asset Class	Current Target Allocation	Real Return Years 1-5	Real Return Years 6-20
Global Equity	34.0%	6.30%	7.10%
Fixed Income	41.0	5.10	5.00
REITS	17.0	6.10	6.40
TIPS	5.0	4.10	3.80
Commodities	3.0	5.30	4.40

To derive the expected future trust return specifically for the City, we first adjusted CalPERS' future return expectations to align with the 2.5% general inflation assumption used in this report. Then applying the plan specific benefit payments (as determined from the June 30, 2023, valuation) to CalPERS' bifurcated return expectation, we determined the single equivalent long-term rate of return to be 6.2 percent. The District is less optimistic about future expected returns and approved 5.6% as the expected return on assets.

C. Changes in the Net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) are as follows (dollars in thousands):

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2023	\$ 163,684	\$ 155,249	\$ 8,435
Changes during the measurement period:			
Service Cost	3,979	-	3,979
Interest Cost	9,170	-	9,170
City Contributions	-	5,718	(5,718)
Plan Experience	3,349	-	3,349
Expected Investment income	-	8,633	(8,633)
Administrative expenses	-	(50)	50
Investment Experience	-	4,082	(4,082)
Benefit payments	(7,818)	(7,818)	-
Net changes	8,680	10,565	(1,885)
Balance at Measurement Date 6/30/2024	\$ 172,364	\$ 165,814	\$ 6,550

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Changes in the Net OPEB Liability (Asset) (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The net OPEB liability of the City, calculated using the discount rate of 5.60 percent, 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 or one percentage point higher than the current rate are as follows (dollars in thousands):

Discount Rate -1% (4.60%)	Current Discount Rate (5.60%)	Discount Rate +1% (6.60%)
\$ 29,329	\$ 6,550	\$ (12,208)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates – The net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

Healthcare Cost Trend Rate -1%	Healthcare Cost Trend Current	Healthcare Cost Trend Rate +1%
\$ (13,636)	\$ 6,550	\$ 31,239

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the City recognized OPEB Expenses of \$5.6 million.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB by sources for the fiscal year ended June 30, 2025 are as follows (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 6,680	\$ -
Differences between expected and actual experience	2,673	1,844
Changes in assumptions	3,133	2,265
Net differences between projected and actual earnings on plan investments	7,572	-
Total	\$ 20,058	\$ 4,109

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

As of June 30, 2025, the City reported \$6.7 million as deferred outflows of resources related to contributions for OPEB subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2026. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense are as follows (dollars in thousands):

Fiscal Year Ending June 30		
2026	\$	2,933
2027		6,898
2028		(388)
2029		(174)
Total	\$	<u>9,269</u>

NOTE 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, and unemployment. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability and property claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses. Amounts of settlements have not exceeded insurance coverage in the past three years.

Charges to the General Fund and other insured funds are determined from an analysis of self-insured claims costs and reserve requirements and are recorded as operating expenditures or expenses of such funds and operating revenues of the various internal service funds.

Estimated liabilities are recorded for claims in cases where such amounts are reasonably determinable and where the liability is likely for claims which are incurred through the end of the fiscal year but not reported until after that date. The estimated liability is determined based upon historical claims data discounted at 2.0 percent annually and independently determined estimates of the amounts needed to pay prior and current year claims.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 10 RISK MANAGEMENT (Continued)

Changes in accrued self-insurance claims for the fiscal year ended June 30 are as follows (dollars in thousands):

	2024	2025
Beginning Balance	\$ 11,343	\$ 11,794
Liability for current and change in prior fiscal year claims and claims incurred but not reported (IBNR)	2,062	1,241
Claims paid	(1,611)	-
Ending Balance	\$ 11,794	\$ 13,035
Current portion	\$ 3,854	\$ 4,202

The City has not significantly reduced its insurance coverage from the prior fiscal year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

NOTE 11 LEASES

The City entered into various lease agreements as either a lessor or lessee for land, equipment, and other asset classes. As a lessee, the City is required to recognize a lease liability and an intangible right-to-use lease asset. As a lessor, the City is required to recognize a lease receivable and a deferred inflow of resources. The City defines leases as balances with an initial individual value of more than \$200,000.

A. City as Lessor

As a lessor, the City entered into lease agreements with various lease terms. Most leases include periodic adjustments to the lease amount at determined intervals. For the year ended June 30, 2025, the City received an immaterial amount of variable and other payments from the lease arrangements.

Information about lease revenues and interest revenues recognized during the year ended June 30, 2025, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2025 are as follows (dollars in thousands):

	General Fund	Park Land Dedication Fund	Governmental Activities
Lease revenue for the year	\$ 26,908	\$ 516	\$ 27,424
Lease interest revenue for the year	12,836	11	12,847
Lease receivable at year-end	740,875	134	741,009
Deferred inflow of resources at year-end	697,232	129	697,361

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11 LEASES (Continued)

A. City as Lessor (Continued)

The annual lease receipt schedule for the lease receivables is as follows (dollars in thousands):

For the Fiscal Year Ending June 30	General Fund/ Governmental Activities			Park Land Dedication Fund/ Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 10,832	\$ 12,656	\$ 23,488	\$ 134	\$ 1	\$ 135
2027	11,342	12,479	23,821	-	-	-
2028	12,615	12,286	24,901	-	-	-
2029	13,790	12,067	25,857	-	-	-
2030	14,740	11,829	26,569	-	-	-
2031-2035	81,954	55,134	137,088	-	-	-
2036-2040	111,176	46,795	157,971	-	-	-
2041-2045	152,393	35,556	187,949	-	-	-
2046-2050	199,476	20,324	219,800	-	-	-
2051-2055	61,205	7,900	69,105	-	-	-
2056-2060	35,614	4,684	40,298	-	-	-
2061-2065	26,087	1,636	27,723	-	-	-
2066-2070	9,651	407	10,058	-	-	-
Total	\$ 740,875	\$ 233,752	\$ 974,627	\$ 134	\$ 1	\$ 135

B. City as Lessee

As a lessee, the City entered into lease agreements with various lease terms. For the year ended June 30, 2025, the City had not paid any variable and other payments for the lease arrangement. As of June 30, 2025, the leased liabilities balance was \$3.3 million.

The annual debt service requirement for the leases liabilities is as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 663	\$ 81	\$ 744
2027	705	63	768
2028	655	44	699
2029	608	28	636
2030	642	11	653
2031	94	-	94
Total	\$ 3,367	\$ 227	\$ 3,594

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11 LEASES (Continued)

C. Significant Lease Arrangements

SFX Entertainment, Inc. - On May 10, 2006, the City, the Shoreline Community, and SFX Entertainment, Inc. (SFX), wholly owned by Live Nation, entered into an Amended and Restated Amphitheatre Ground Lease Agreement (Agreement) for the period from March 15, 2006 through December 31, 2020. SFX excised the first five-year option to extend the lease with an expiration date of December 31, 2025. A second five-year option is at the discretion of the City. The lessee is required to pay annual base rent to the City, due in nine equal installments in the months of April through December. Beginning March 15, 2018, the lease payment shall increase 2.0 percent annually. As of June 30, 2025, the amount of lease receivable is \$12.2 million.

Google LLC. (Google) - On March 7, 1995, the City, as lessor, entered into a 55-year lease with Silicon Graphics, Inc. (SGI), an entity not affiliated with the City (1995 Lease). This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a 500,000 square foot corporate campus. On December 12, 1996, the City, as lessor, entered into another 55-year lease with SGI (1997 Lease). This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a second 556,000 square foot facility. On April 19, 2001, SGI assigned the two lease agreements described above to Goldman Sachs, Inc., an entity not affiliated with SGI or the City. Goldman Sachs assigned the agreements to WXIII/Crittenden Realty C, LLC on May 22, 2001, which assigned the agreements to Google on June 29, 2006. The 1995 Lease and 1997 Lease provide for rent increases of 4.0 percent per annum and the rent is to be adjusted every 10 years to the greater of 6.0 percent of the then fair value of the property or the initial base rent. As of June 30, 2025, the amount of lease receivable for the 1995 Lease and 1997 Lease are \$261.6 million and \$287.3 million, respectively.

On August 31, 2007, the City, as lessor, entered into a 55-year lease with Google (2007 Lease). The lease provides for rent increases of 3.0 percent per annum and the rent is to be adjusted every 10 years to the greater of 7.0 percent of the then fair value of the property or the initial base rent. The revalued monthly rent shall not exceed 165.0 percent of the monthly rent payable during the initial year of the prior escalation period. As of June 30, 2025, the amount of lease receivable for the 2007 Lease is \$108.6 million.

In Fiscal Year 2017-18, the City Council approved the development for the Charleston East site and approved the sublease of Parking Lots C & D between Google and SFX through December 31, 2025 to provide temporary parking space during the Charleston East Site construction. In exchange for the City's consent to accept the sublease between Google and SFX, starting January 1, 2021, the City receives payment of \$2.3 million annually with annual adjustments of 4% through December 31, 2025. On June 29, 2024, an amendment was signed and starting July 1, 2024, the City receives payment of \$930,000 annually with annual adjustments of 2% through December 31, 2025. As of June 30, 2025, the amount of lease receivable is \$480,000.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11 LEASES (Continued)

C. Significant Lease Arrangements (Continued)

MV 101 Development, LLC - On April 1, 2015, the City, as lessor, entered into a DDA and a 55-year ground lease with MV 101 Development, LLC, (MV 101), an entity not affiliated with the City. The DDA provides for the development of 6.69 acres of land owned by the City, at 750 Moffett Boulevard, commonly referred to as Ameswell (formerly Moffett Gateway) in conjunction with adjacent land formerly owned by Caltrans and acquired by MV 101, with a hotel, office building and joint parking structure. The ground lease provides for the rental of the City land for 55 years with four 10-year extensions. The agreement also provides for office building minimum rent upon the issuance of a building permit at \$140 per buildable square foot at 5.0 percent of the fair value of the land, with increases of 3.0 percent per annum. Commencing with the 16th operating year and every 10 years thereafter, the building minimum base rent shall be increased or decreased to the current market rate based on 5.0 percent of the then current fair value of the property or the initial base rent, whichever is higher and adjusted thereafter by the annual CPI. As of June 30, 2025, the amount of lease receivable is \$61.7 million.

NOTE 12 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The City entered into various agreements for SBITA. The City is required to recognize a SBITA liability and an intangible right-to-use SBITA asset. The City defines SBITA as balances with an initial individual value of more than \$200,000.

For the year ended June 30, 2025, the City had not paid any variable and other payments for the SBITA. As of June 30, 2025, the SBITA liabilities balance was \$4.9 million.

The annual debt service requirement for the SBITA liabilities is as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 432	\$ 142	\$ 574
2027	455	129	584
2028	283	118	401
2029	292	109	401
2030	301	100	401
2031-2035	1,657	350	2,007
2036-2040	1,528	77	1,605
Total	<u>\$ 4,948</u>	<u>\$ 1,025</u>	<u>\$ 5,973</u>

Significant SBITA Arrangements

Axon Enterprise Inc

In Fiscal year 2024-25, the City entered into an agreement with Axon Enterprise Inc. (Axon) for the purchase and use of Axon devices and services, which includes hardware provided by Axon and Axon's web and cloud services, as well as other professional services. The term of the agreement is 10 years with an additional 5-year extension. The annual payment ranges from \$390,000 to \$429,000. The SBITA asset and liability related to the Axon agreement is \$4.9 million. As of June 30, 2025, the amount of SBITA liability is \$4.6 million.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13 NET POSITION AND FUND BALANCES

A. *Net Position*

Net position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described as follows:

Net investment in capital assets – This caption groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted – This caption represents net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, grant funds, funds restricted for debt service, and funds restricted to low and moderate income housing purposes.

Unrestricted – This caption represents net position of the City not restricted for any project or purpose.

B. *Fund Balances*

Governmental fund balances represent the assets and deferred outflows of resources less the liabilities and deferred inflows of resources of each fund. Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on how specific amounts in the funds can be spent. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint as follows:

Nonspendable fund balances are 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 fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation, which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by resolution of the City Council, which may only be altered by resolution of the City Council. Nonspendable amounts subject to Council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designees and may be changed at the discretion of the City Council or its designees. The City Council has not delegated the authority to make assignments of fund balance. This category also includes residual fund balances of Special Revenue, Capital Projects and Debt Service Funds, which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13 NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Detailed classifications of the City's fund balances, as of June 30, 2025, are as follows (dollars in thousands):

Fund Balance Classifications	Shoreline Regional Park			General Capital		Park Land Dedication	Other	Total
	General	Community	Housing	Projects	Capital Projects	Governmental		
Nonspendables:								
Inventory	\$ 757	\$ -	\$ -	\$ -	\$ -	\$ 112		\$ 869
Loans and notes receivable	2,033	-	-	-	-	-		2,033
Deposits and prepaid costs	3,777	-	-	-	-	-		3,777
Total Nonspendable	6,567	-	-	-	-	112		6,679
Restricted for:								
Shoreline Regional Park Community	-	129,369	-	-	-	-		129,369
Landfill Containment	-	13	-	-	-	-		13
Housing	-	-	192,754	-	-	-		192,754
General Capital Projects	-	-	-	328,472	-	-		328,472
Park Land Dedication Fees	-	-	-	-	61,655	-		61,655
Gas Tax	-	-	-	-	-	4,728		4,728
Other Streets and Transportation	-	-	-	-	-	645		645
Construction Tax	-	-	-	-	-	9,629		9,629
Development Services	-	-	-	-	-	3,986		3,986
CSFRA/Rental Housing Committee	-	-	-	-	-	1,321		1,321
Mobile Home Rent Stabilization	-	-	-	-	-	545		545
Housing Successor	-	-	-	-	-	13,093		13,093
Downtown Benefit Assessment District	-	-	-	-	-	26,108		26,108
Police Asset Forfeitures	-	-	-	-	-	431		431
Grants	-	-	-	-	-	30,992		30,992
Cable Television	-	-	-	-	-	757		757
Deferred Assessments	-	-	-	-	-	390		390
Debt Service	-	-	-	-	-	6,078		6,078
Special Assessment	-	-	-	-	-	45		45
Storm Drain Construction	-	-	-	-	-	155		155
Minor Estate Trust	449	-	-	-	-	-		449
Total Restricted	449	129,382	192,754	328,472	61,655	98,903		811,615
Committed to:								
Development Services	5,092	-	-	-	-	20,912		26,004
Budget Contingency	19,973	-	-	-	-	-		19,973
Earned Lease Revenue	7,231	-	-	-	-	-		7,231
Property Management	1,510	-	-	-	-	-		1,510
Graham School Site Maintenance	284	-	-	-	-	-		284
Transportation	7,871	-	-	-	-	-		7,871
Capital Improvement	13,323	-	-	-	-	-		13,323
Open Space Acquisition	991	-	-	-	-	-		991
Strategic Property Acquisition	20,561	-	-	-	-	-		20,561
Childcare Commitment	109	-	-	-	-	-		109
Compensated Absences	7,526	-	-	-	-	-		7,526
General Special Purpose	-	-	-	-	-	321		321
Parental Leave Absence	1,014	-	-	-	-	-		1,014
Employee Loan	6,269	-	-	-	-	-		6,269
Total Committed	91,754	-	-	-	-	21,233		112,987
Assigned:								
Contractual Obligations	4,899	-	-	-	-	-		4,899
Unassigned:	162,136	-	-	-	-	(40)		162,096
Total Fund Balances	\$ 265,805	\$ 129,382	\$ 192,754	\$ 328,472	\$ 61,655	\$ 120,208		\$ 1,098,276

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13 NET POSITION AND FUND BALANCES (Continued)

C. Committed Fund Balances

The City Council adopted reserve policies and additional council actions which includes commitments of fund balances as follows:

1. The Development Services fund balances shall be used to fund the future obligations of the City's development activity.
2. The General Fund Budget Contingency Reserve shall be used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by City Council.
3. The General Fund Earned Lease Revenue Reserve Shall be used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC (Google). Google prepaid \$30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, to fund one-time expenses of the City.
4. The General Fund Property Management Reserve shall be used to provide a source of funds for obligations, which could arise from the City's leasing of property including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.
5. The Graham Site Maintenance Reserve shall be used to fund the maintenance obligations, per the agreement with the school district, of the Graham Sports Complex, including the playing field at Graham Middle School beneath which the City has a reservoir.
6. The General Fund Transportation Reserve shall be used for the purpose of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.
7. The General Fund Capital Improvement Reserve, to be funded with a goal of a minimum balance of \$5,000,000, shall be used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent possible, General Operating Fund carryovers remaining from the end of the fiscal year, not designated for other reserve purposes, may be applied to this reserve.
8. The General Fund Open Space Acquisition Reserve shall be used for the purpose of acquiring open space to meet the needs of the City and as authorized by the City Council. Proceeds from excess City-owned properties shall fund this reserve as directed by City Council.
9. The General Fund Strategic Property Acquisition Reserve shall be used for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies).
10. The Childcare Commitment Reserve shall be used to fund low-income subsidies for Childcare.
11. The Compensated Absences Reserve shall fund the disbursements of terminated or retired employees for accrued vacation and sick leave or other accrued leave as applicable. This Reserve shall be funded at a minimum of 80.0% of the accrued liabilities of the City for compensated absences such as vacation and vested sick leave.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13 NET POSITION AND FUND BALANCES (Continued)

C. Committed Fund Balances (Continued)

12. The Parental Leave Reserve will be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.
13. The Employee Loan Reserve shall be used to provide a source of funds for the employee homebuyer and relocation assistance programs administered by Council Policy D-13
14. The General Special Purpose Reserve is designated for resources the City has received to be spent on specific purposes, such as revenue received from the Tree Mitigation Fees, which shall be used for tree planting-related expenses.
15. The Shoreline Golf Links Reserve shall be used to fund Shoreline Golf Links and related golf course operations and improvements.

D. Minimum Fund Balance / Net Position Policies

The City's Financial and Budgetary Policy requires the City to strive to maintain the following fund balances/net position:

1. The General Fund Reserve at 20 to 25 percent of General Fund appropriations.
2. The General Fund Capital Improvement Reserve to be funded with a goal of a minimum balance of \$5.0 million.
3. The Compensated Absences Reserve shall be funded at a minimum of 80 percent of the accrued liabilities of the City for compensated absences such as vacation and vested sick leave.
4. The Shoreline Regional Park Community Special Revenue Fund shall maintain a reserve of 25 percent of operating expenditures; the landfill reserve shall be incrementally increased to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan. The reserve shall have adequate balance to rebuild the landfill system, in case of a catastrophic event; and the sea level rise reserve is to be incrementally increased to accumulate funds for projects identified in the most recent Shoreline Sea Level Rise Study. The contributed amount shall be determined annually based on the available resources, timeline of the projects, and results of the Shoreline Sea Level Rise Study.
5. The Enterprise Fund Reserves shall maintain a minimum 10 percent of operating budget for emergency, a minimum of 5 percent operating budget for contingency and a goal of 10 percent of operating budget for rate stabilization.
6. The Equipment Replacement Reserve shall be maintained to fund the replacement of capital equipment.
7. The Workers' Compensation Self-Insurance Reserve shall be maintained at 70 percent confidence level for the projected liabilities as determined by an actuarial valuation to be conducted at least once every three years.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 13 NET POSITION AND FUND BALANCES (Continued)

D. Minimum Fund Balance / Net Position Policies (Continued)

8. The Liability Self-Insurance Reserve shall be maintained at a 70 percent confidence level for the projected liabilities as determined by an actuarial valuation to be conducted at least once every three years.
9. The Unemployment Self-Insurance Reserve and the Employee Benefit Plan Reserve shall be reviewed annually and maintained at a level adequate to meet estimated benefit liabilities.

E. Landfill Containment Reserve

In 2013, CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with a non-water release event at the landfill site. The estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. On June 25, 2013, the City Council approved to restrict funds for landfill containment in the Landfill reserve of the Shoreline Community Fund. The City estimated the costs for the corrective actions to be \$1.2 million for the fiscal year ended June 30, 2025, and \$13.0 million to rebuild a new landfill system. As of June 30, 2025, the City restricted \$13.0 million for landfill containment and planned to increase the balance to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan.

NOTE 14 COMMITMENTS AND CONTINGENCIES

A. Encumbrances

The City's outstanding encumbrances as of June 30, 2025, are as follows (dollars in thousands):

	Amount	Fund Balance Classification
General Fund	\$ 1,858	Committed
General Fund	4,899	Assigned
Shoreline Regional Park Communitiy	430	Restricted
Housing	2,520	Restricted
General Capital Projects	50,166	Restricted
Park Land Dedication Capital Project	3	Restricted
Non-Major Governmental Funds	1,668	Restricted
Total	<u>\$ 61,544</u>	

B. Litigation

The City is a defendant in several lawsuits and other matters arising in the normal course of operations. The City's management and legal counsel are of the opinion the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 14 COMMITMENTS AND CONTINGENCIES (Continued)

C. *City of Palo Alto Regional Water Quality Control Plant*

The City of Mountain View conveys all of its wastewater for treatment to the Palo Alto Regional Water Quality Control Plant (Treatment Plant) owned and administered by the City of Palo Alto. The Treatment Plant is governed by a Partners Agreement between the City of Palo Alto, the City of Mountain View, and the City of Los Altos. As part of the Agreement, the City purchases treatment capacity at the Treatment Plant. The Agreement provides that the City will purchase capacity through December 31, 2060, and for the City of Palo Alto to set service charges annually with quarterly billings based on estimated use. A reconciliation of actual to estimated charges is completed annually. For the fiscal year ending June 30, 2025, these costs totaled \$16.4 million, which is included as a component of cost of sales and services expenses in the Wastewater Enterprise Fund.

The Agreement has been amended from time to time. Recent addenda include provisions for large capital improvement projects at the treatment plant and a portion of the Joint Interceptor System for which debt was issued by the City of Palo Alto and the Partners agreed to pay their share of debt based on capacity rights. Each Partner's share of debt is included in the annual budget provided by the City of Palo Alto and is billed through the quarterly billings. For the fiscal year ended June 30, 2025, the City's share of debt services totaled to \$624,000.

On May 19, 2025, the City executed an amendment with the City of Palo Alto for the Advanced Water Purification System (AWPS) Construction project. The total project cost is approximately \$60.0 million, with the City agreeing to contribute \$22.0 million as a cash payment to help reduce the debt. Of this, \$17.0 million will be paid in Fiscal Year 2025-26, and the remaining \$5.0 million is anticipated to be paid in Fiscal Year 2026-27.

Palo Alto has applied for a State Revolving Fund (SRF) loan and plans to use between \$10.5 million to \$12.9 million, depending on the status of a separate U.S. Bureau of Reclamation grant fund for the project, with an interest rate of 1.7%. Loan payments are expected to begin after the project is completed, around Fiscal Year 2027-28, and the debt payments will be included in the City of Palo Alto's quarterly billings.

D. *Sunnyvale Material Recovery and Transfer (SMaRT®) Station*

During Fiscal Year 1992-93, the City entered into a Memorandum of Understanding (MOU) with the City of Sunnyvale to obtain solid waste and recycling services at the SMaRT® Station. The MOU provides that the City has a capacity share of 23.45 percent of this facility for 30 years which expired during Fiscal Year 2021-22. The City entered into a new MOU with the City of Sunnyvale with an effective date of December 22, 2021 and termination date of December 31, 2036. Annual service charges are determined based on actual per-ton charges. For the fiscal year ended June 30, 2025, these costs totaled \$8.0 million.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 14 COMMITMENTS AND CONTINGENCIES (Continued)

E. Education Enhancement Reserve Joint Powers Agreement (JPA)

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the Mountain View Los Altos Unified High School District (MVLAUHSD) and the Mountain View Whisman School District (MVWSD) effective July 1, 2013, for a period of 10 years, superseding any prior agreements dating back to the first such agreement in 2006. The purpose of the Education Enhancement JPA is to create an Education Enhancement Reserve in which funds provided by the Shoreline Community are used to enhance the educational and technology capacity of students in the districts, which will contribute to the availability of a local technology workforce to further the objectives of the Shoreline Community. The agreement provides for minimum annual payments, which commenced with the fiscal year ended June 30, 2014, and have increased annually based on growth in property tax revenues in the preceding fiscal year. Each subsequent fiscal year increases based on growth in property tax revenues in the preceding fiscal year. The Agreement expired in June 2023. In May 2023, the Shoreline Community and the school districts extended the Agreement until June 30, 2024. An amendment to the 2023 EER Agreement, dated June 13, 2024, for a three-year extension was finalized in October 2024. In May 2025, a new EER Agreement was executed by all parties to supersede any prior agreements and will remain effective through June 30, 2035.

For the fiscal year ended June 30, 2025, the Shoreline Community paid a total of \$12.0 million in contributions to the school districts, including \$7.3 million to MVWSD and \$4.7 million to MVLAUHSD.

F. Tax Revenue Sharing

Pursuant to an agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. For the fiscal year ended June 30, 2025, \$2.8 million and \$3.5 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

G. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

Under the 2009 25-year agreement with the SFPUC, a minimum water delivery level is included. On June 21, 2017, the City entered an agreement to permanently transfer all rights, title and interest of 1.0 MGD of annual Individual Supply Guarantee to the City of East Palo Alto (EPA). After SFPUC approved the agreement, the City received a one-time payment of \$5.0 million in Fiscal Year 2017-18 from EPA for the 1.0 MGD water rights. During the Fiscal year 2024-25 the SFPUC and a supermajority of the BAWSCA member agencies ratified the minimum purchase requirements and as a result of this ratification the City is no longer required to make minimum water purchase.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 14 COMMITMENTS AND CONTINGENCIES (Continued)

G. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge (Continued)

In addition, under the agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds. Prior assets under the previous agreement were transferred to the new agreement and assigned a life with an agreed upon rate of return of 5.13 percent.

BAWSCA issued Revenue Bonds (Bonds) in the principal amount of \$335.8 million in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

The City paid its surcharge of \$1.2 million during the fiscal year ended June 30, 2025, which is included as a component of cost of sales and services expenses in the Water Enterprise Fund. The surcharge for Fiscal Year 2025-26 is estimated to be \$1.4 million.

H. Education Revenue Augmentation Fund

In 1992, as a way of solving its own budget shortfalls, the State enacted legislation that shifted partial financial responsibility for funding K-14 education to local government. Property tax revenues belonging to cities, counties, and special districts were shifted to the Education Revenue Augmentation Fund (ERAF). When the State shifts more local property tax than required, these funds are returned to cities, counties and special districts and are known as excess ERAF.

In November 2021, the County notified cities that the California School Boards Association and its Education Legal Alliance filed a lawsuit against the Controller of the State of California (SCO), disputing the calculation and disbursement of excess ERAF funds. As a result, the County estimates that 20 to 30 percent of ERAF disbursed to all cities over three years is subject to litigation. This case has since been resolved in favor of the SCO.

The City's primary concern now is the County's upcoming audit with the SCO, expected to take place in late 2025 or early 2026, following the conclusion of the SCO's audit of San Francisco. The County has strongly encouraged each agency to reserve a portion of its excess ERAF distributions going back to Fiscal Year 2020-21. The estimated at-risk percentages, based on the completed SCO audit findings for Marin County, are:

- Fiscal Year 2020-21 through 2023-24: 22%
- Fiscal Year 2024-25: 20%
- Fiscal Year 2025-26: 18%

The City estimates that approximately \$9.0 million is at risk as of June 30, 2025. ERAF revenue for Fiscal Year 2025-26 is projected to be \$9.8 million, net of the 18% at-risk amount.

The City has currently set aside \$2.7 million as a liability for the potential ERAF clawback. Combined with the eligible \$9.8 million in ERAF revenue the City is projected to receive for fiscal year 2025-26, the City would have \$3.5 million more than the potential clawback amount, assuming the SCO audit does not conclude in the City's favor.

City of Mountain View
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 15 RESTATEMENTS

A. Restatements due to the implementation of GASB Statement No. 101, Compensated Absences

	Water	Wastewater	Solid Waste	Internal Service Funds	Governmental Activities	Business-Type Activities
Fund Balance/net position as previously reported at June 30, 2024	\$ 120,060	\$ 106,668	\$ 20,439	\$ 38,909	\$ 1,368,186	\$ 247,167
Change in Accounting Principle	(217)	(119)	(102)	(25)	(4,679)	(438)
Total restatements	(217)	(119)	(102)	(25)	(4,679)	(438)
Fund balance/net position as restated at June 30, 2024	\$ 119,843	\$ 106,549	\$ 20,337	\$ 38,884	\$ 1,363,507	\$ 246,729

For the year ended June 30, 2025, the City implemented GASB Statement No. 101, *Compensated Absences*, which requires recognition of a liability as leave is earned and likely to be used or paid. Adoption of this Statement will enhance the relevance and reliability of information about the liability for compensated absences. The implementation represents a change in accounting principle and resulted in a restatement of the opening balance of compensated absences reported in the Statement of Net Position. This change affected the compensated absence line item within Governmental and Business Type Activities as well as Water, Wastewater, Solid Waste and Internal Services funds to reflect previously unrecognized liabilities, and the opening balance net position was restated retrospectively as presented above.

B. Restatements due to Change in Reporting Entity

	General Fund	Flexible Benefits plan		General Fund	Flexible Benefits plan
Restricted Cash Balance as previously reported at June 30, 2024	\$ -	\$ 177	Accounts Payable Balance as previously reported at June 30, 2024	\$ 17,085	\$ 177
Change in Reporting Entity	177	(177)	Change in Reporting Entity	177	(177)
Total restatements	177	(177)	Total restatements	177	(177)
Restricted Cash as restated at June 30, 2024	\$ 177	\$ -	Accounts Payable as restated at June 30, 2024	\$ 17,262	\$ -

During the fiscal year 2024-25 the City changed reporting of Flexible Benefits Plan from Custodial Funds to General Fund. As a result, the beginning restricted cash and accounts payable increased by \$177,000 respectively in the General Fund and restricted cash and accounts payable by decreased by the same amounts in the Flexible Benefits Plan. There was no overall impact on the Net position of the General Fund. However, this led to a decrease in the beginning net position of the total Custodial Funds which was overstated by \$177,000 in the previous year.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Mountain View
Required Supplementary Information
For the year ended June 30, 2025
(Dollars in Thousands)

Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan
Last Fiscal 10 Years*

Fiscal year ended	2016	2017	2018
Measurement period	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 6,412	\$ 6,675	\$ 7,473
Interest on the total pension liability	25,058	26,269	27,198
Changes in benefit terms	-	-	-
Changes in assumptions	(6,028)	-	22,221
Differences between expected and actual experience	(568)	(577)	(2,154)
Benefit payments, including refunds of employee contributions	(14,861)	(15,518)	(17,303)
Net change in the total pension liability	10,013	16,849	37,435
Total pension liability - beginning	338,379	348,392	365,241
Total pension liability - ending (a)	\$ 348,392	\$ 365,241	\$ 402,676
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 8,673	\$ 11,318	\$ 12,413
Contributions - employee	3,148	3,065	3,121
Plan to plan resource movement	-	-	-
Investment income	5,709	1,328	29,071
Benefit payments, including refunds of employee contributions	(14,861)	(15,518)	(17,303)
Administrative expenses	(288)	(156)	(378)
Net change in plan fiduciary net position	2,381	37	26,924
Plan fiduciary net position - beginning	253,338	255,719	255,756
Plan fiduciary net position - ending (b)	\$ 255,719	\$ 255,756	\$ 282,680
Net pension liability - ending (a) - (b)	\$ 92,673	\$ 109,485	\$ 119,996
 Plan fiduciary net position as a percentage of the total pension liability	 73.4%	 70.0%	 70.2%
Covered payroll	\$ 36,233	\$ 38,450	\$ 39,034
Net pension liability as a percentage of covered payroll	255.8%	284.7%	307.4%

Notes to the Schedule:

Benefit Changes - 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.

2019	2020	2021	2022	2023	2024	2025
2018	2019	2020	2021	2022	2023	2024
\$ 7,669	\$ 8,342	\$ 8,622	\$ 8,642	\$ 9,639	\$ 9,953	\$ 10,926
28,405	29,850	31,427	32,778	33,695	35,480	37,350
-	-	-	-	-	472	-
(2,554)	-	-	-	14,543	-	-
2,350	2,677	4,461	1,435	(1,882)	8,997	10,220
(18,056)	(19,708)	(21,764)	(23,432)	(25,927)	(28,251)	(29,836)
17,814	21,161	22,746	19,423	30,068	26,651	28,660
402,676	420,490	441,651	464,397	483,820	513,888	540,539
<u>\$ 420,490</u>	<u>\$ 441,651</u>	<u>\$ 464,397</u>	<u>\$ 483,820</u>	<u>\$ 513,888</u>	<u>\$ 540,539</u>	<u>\$ 569,199</u>
\$ 17,917	\$ 17,514	\$ 18,696	\$ 15,273	\$ 17,345	\$ 17,839	\$ 20,538
3,513	3,549	3,959	5,489	5,666	6,214	6,808
(1)	-	-	-	-	-	-
24,062	20,477	16,690	78,758	(31,970)	24,132	39,276
(18,056)	(19,708)	(21,764)	(23,432)	(25,927)	(28,251)	(29,836)
(1,277)	(219)	(466)	(347)	(264)	(285)	(331)
26,158	21,613	17,115	75,741	(35,150)	19,649	36,455
282,680	308,838	330,451	347,566	423,307	388,157	407,806
<u>\$ 308,838</u>	<u>\$ 330,451</u>	<u>\$ 347,566</u>	<u>\$ 423,307</u>	<u>\$ 388,157</u>	<u>\$ 407,806</u>	<u>\$ 444,261</u>
<u>\$ 111,652</u>	<u>\$ 111,200</u>	<u>\$ 116,831</u>	<u>\$ 60,513</u>	<u>\$ 125,731</u>	<u>\$ 132,733</u>	<u>\$ 124,938</u>
73.4%	74.8%	74.8%	87.5%	75.5%	75.4%	78.1%
\$ 40,657	\$ 43,994	\$ 46,084	\$ 47,644	\$ 49,915	\$ 53,084	\$ 58,363
274.6%	252.8%	253.5%	127.0%	251.9%	250.0%	214.1%

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50% to 7.65 percent. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the 2017 CalPERS Experience Study. There were no changes in assumptions during measurement periods 2019, 2020, and 2021. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study. There were no assumption changes in 2023 or 2024.

City of Mountain View
Required Supplementary Information
For the year ended June 30, 2025
(Dollars in Thousands)

Schedule of Changes in the Net Pension Liability and Related Ratios - Safety Plan
Last Fiscal 10 Years*

Fiscal year ended	2016	2017	2018
Measurement period	2015	2016	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 6,061	\$ 5,945	\$ 6,857
Interest on the total pension liability	21,792	22,704	23,599
Changes in benefit terms	-	-	-
Changes in assumptions	(5,345)	-	19,688
Differences between expected and actual experience	1,234	(1,633)	(157)
Benefit payments, including refunds of employee contributions	(13,721)	(14,765)	(15,977)
Net change in the total pension liability	10,021	12,251	34,010
Total pension liability - beginning	292,808	302,829	315,080
Total pension liability - ending (a)	\$ 302,829	\$ 315,080	\$ 349,090
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 8,139	\$ 9,904	\$ 10,572
Contributions - employee	2,656	2,697	2,709
Plan to plan resource movement	32	-	-
Investment income	4,852	1,117	24,545
Benefit payments, including refunds of employee contributions	(13,721)	(14,765)	(15,977)
Administrative expenses	(246)	(133)	(321)
Net change in plan fiduciary net position	1,712	(1,180)	21,528
Plan fiduciary net position - beginning	216,804	218,516	217,336
Plan fiduciary net position - ending (b)	\$ 218,516	\$ 217,336	\$ 238,864
Net pension liability - ending (a) - (b)	\$ 84,313	\$ 97,744	\$ 110,226
 Plan fiduciary net position as a percentage of the total pension liability	 72.2%	 69.0%	 68.4%
Covered payroll	\$ 22,547	\$ 22,493	\$ 23,263
Net pension liability as a percentage of covered payroll	373.9%	434.6%	473.8%

Notes to the Schedule:

Benefit Changes - 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.

2019	2020	2021	2022	2023	2024	2025
2018	2019	2020	2021	2022	2023	2024
\$ 6,677	\$ 7,066	\$ 7,613	\$ 7,933	\$ 8,910	\$ 8,816	\$ 9,453
24,593	25,815	27,043	28,366	29,621	31,081	32,602
-	-	-	-	-	178	-
(1,385)	-	-	-	16,330	-	-
1,416	2,998	2,235	2,993	74	4,742	5,772
(16,998)	(17,734)	(18,711)	(19,902)	(21,344)	(23,139)	(24,759)
14,303	18,145	18,180	19,390	33,591	21,678	23,068
349,090	363,393	381,538	399,718	419,108	452,699	474,377
\$ 363,393	\$ 381,538	\$ 399,718	\$ 419,108	\$ 452,699	\$ 474,377	\$ 497,445
\$ 14,872	\$ 14,385	\$ 15,569	\$ 12,508	\$ 13,748	\$ 14,581	\$ 17,676
2,965	2,951	3,345	4,329	4,295	4,721	4,640
(1)	-	-	-	-	-	-
20,199	17,013	13,769	65,428	(26,507)	19,867	32,542
(16,998)	(17,734)	(18,711)	(19,902)	(21,344)	(23,139)	(24,759)
(1,079)	(184)	(388)	(289)	(219)	(236)	(274)
19,958	16,431	13,584	62,074	(30,027)	15,794	29,825
238,864	258,822	275,253	288,837	350,911	320,884	336,678
\$ 258,822	\$ 275,253	\$ 288,837	\$ 350,911	\$ 320,884	\$ 336,678	\$ 366,503
\$ 104,571	\$ 106,285	\$ 110,881	\$ 68,197	\$ 131,815	\$ 137,699	\$ 130,942
71.2%	72.1%	72.3%	83.7%	70.9%	71.0%	73.7%
\$ 22,764	\$ 24,248	\$ 26,188	\$ 27,301	\$ 27,611	\$ 27,475	\$ 29,722
459.4%	438.3%	423.4%	249.8%	477.4%	501.2%	440.6%

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50% to 7.65%. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15%. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the 2017 CalPERS Experience Study. There are no change in assumptions during measurement periods 2019, 2020, and 2021. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study. There were no assumption changes in 2023 or 2024.

City of Mountain View
Required Supplementary Information
For the year ended June 30, 2025
(Dollars in Thousands)

Schedule of Employer Pension Contributions - Miscellaneous and Safety Plans

Fiscal Year Ended June 30,

Miscellaneous Plan	2016	2017	2018
Actuarially determined contribution (ADC)	\$ 8,806	\$ 9,925	\$ 11,289
Contributions in relation to The ADC	(11,318)	(12,413)	(17,917)
Contribution deficiency (excess)	<u>\$ (2,512)</u>	<u>\$ (2,488)</u>	<u>\$ (6,628)</u>
Covered payroll	\$ 38,450	\$ 39,034	\$ 40,657
Contributions as a percentage of covered payroll	29.4%	31.8%	44.1%

Fiscal Year Ended June 30,

Safety Plan	2016	2017	2018
Actuarially determined contribution	\$ 8,229	\$ 8,915	\$ 9,112
Contributions in relation to The ADC	(9,904)	(10,572)	(14,872)
Contribution deficiency (excess)	<u>\$ (1,675)</u>	<u>\$ (1,657)</u>	<u>\$ (5,760)</u>
Covered payroll	\$ 22,493	\$ 23,263	\$ 22,764
Contributions as a percentage of covered payroll	44.03%	45.45%	65.33%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2025 were as follows:

ADC for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.30%
Salary increases	Varies by entry age and services
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.
Mortality improvement	The probabilities of mortality are based on the 2021 CalPERS Experience Study.

2019	2020	2021	2022	2023	2024	2025
\$ 12,769	\$ 14,207	\$ 14,159	\$ 15,117	\$ 15,909	\$ 11,462	\$ 13,435
(17,514)	(18,696)	(15,273)	(17,345)	(17,837)	(20,537)	(20,934)
<u>\$ (4,745)</u>	<u>\$ (4,489)</u>	<u>\$ (1,114)</u>	<u>\$ (2,228)</u>	<u>\$ (1,928)</u>	<u>\$ (9,075)</u>	<u>\$ (7,499)</u>
\$ 43,994	\$ 46,084	\$ 47,644	\$ 49,915	\$ 53,084	\$ 58,363	\$ 69,485
39.8%	40.6%	32.1%	34.7%	33.6%	35.2%	30.1%

2019	2020	2021	2022	2023	2024	2025
\$ 10,277	\$ 11,682	\$ 11,752	\$ 12,341	\$ 13,456	\$ 9,568	\$11,054
(14,385)	(15,569)	(12,508)	(13,748)	(14,581)	(17,676)	(17,507)
<u>\$ (4,108)</u>	<u>\$ (3,887)</u>	<u>\$ (756)</u>	<u>\$ (1,407)</u>	<u>\$ (1,125)</u>	<u>\$ (8,108)</u>	<u>\$ (6,453)</u>
\$ 24,248	\$ 26,188	\$ 27,301	\$ 27,611	\$ 27,475	\$ 29,722	\$ 18,867
59.32%	59.45%	45.82%	49.79%	53.07%	59.47%	92.79%

City of Mountain View
Required Supplementary Information
For the year ended June 30, 2025
(Dollars in Thousands)

Schedule of Changes in the Net OPEB Liability and Related Ratios

Fiscal year ended	2018	2019	2020
Measurement period	2017	2018	2019
Total OPEB Liability			
Service cost	\$ 3,054	\$ 3,231	\$ 3,336
Interest on the total OPEB liability	8,820	9,392	9,857
Changes of assumptions	15,660	-	(670)
Differences between expected and actual experience	(9,020)	-	(12,915)
Benefit payments	(5,044)	(5,459)	(5,729)
Net change in the total OPEB liability	13,470	7,164	(6,121)
Total OPEB liability - beginning	130,527	143,997	151,161
Total OPEB liability - ending (a)	143,997	151,161	145,040
Plan Fiduciary Net Position			
Contribution - employer	12,424	13,233	8,014
Net investment income	7,065	6,858	8,797
Benefit payments	(5,044)	(5,459)	(5,729)
Administrative expense	(51)	(206)	(27)
Net change in plan fiduciary net position	14,394	14,426	11,055
Plan fiduciary net position - beginning	96,374	110,768	125,194
Plan fiduciary net position - ending (b)	110,768	125,194	136,249
Net OPEB liability/asset - ending (a) - (b)	\$ 33,229	\$ 25,967	\$ 8,791
Plan fiduciary net position as a percentage of the total pension liability	76.9%	82.8%	93.9%
Covered-employee payroll	\$ 44,181	\$ 46,799	\$ 49,135
Net OPEB liability as a percentage of covered-employee payroll	75.21%	55.49%	17.89%

Change in assumptions - During measurement period 2019, the discount rate was reduced from 6.50 percent to 6.25 percent. Demographic assumptions were change in accordance to the 2017 CalPERS Experience Study. There is no change in assumptions during measurement period 2020. During the measurement period 2021, the discount rate was reduced from 6.25 percent to 6.00 percent. Inflation rate was reduced from 2.75 percent to 2.50 percent. Other assumptions including projected salary increase, post retirement benefit increase, and other demographic assumptions were also changed. During the measurement period 2022, the discount rate was reduced from 6.00 percent to 5.60 percent. During the measurement period 2023, the healthcare cost trend rates changed to 6.5% in 2025, fluctuating down to 3.9% by 2075 and investment rate of return reduced from 6.00% to 5.60%. For FY 2025 no assumptions were changed.

*Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only eight years of information is shown.

2021	2022	2023	2024	2025
2020	2021	2022	2023	2024
\$ 3,320	\$ 3,428	\$ 3,474	\$ 3,927	\$ 3,979
9,079	9,456	8,929	9,102	9,170
-	4,921	7,823	(3,800)	-
-	(13,543)	-	(615)	3,349
(6,183)	(6,772)	(6,820)	(7,082)	(7,818)
6,216	(2,510)	13,406	1,532	8,680
145,040	151,256	148,746	162,152	163,684
151,256	148,746	162,152	163,684	172,364
8,497	6,772	5,848	5,387	5,718
7,384	28,673	(21,942)	5,445	12,715
(6,183)	(6,772)	(6,820)	(7,082)	(7,818)
(67)	(53)	(44)	(43)	(50)
9,631	28,620	(22,958)	3,707	10,565
136,249	145,880	174,500	151,542	155,249
145,880	174,500	151,542	155,249	165,814
\$ 5,376	\$ (25,754)	\$ 10,610	\$ 8,435	\$ 6,550
96.4%	117.3%	93.5%	94.8%	96.2%
\$ 50,838	\$ 49,104	\$ 49,318	\$ 51,730	\$ 52,639
10.57%	-52.45%	21.51%	16.31%	12.44%

City of Mountain View
Required Supplementary Information
For the year ended June 30, 2025
(Dollars in Thousands)

Schedule of Employer OPEB Contributions

Fiscal Year Ended June 30,	2017	2018	2019
Actuarially determined contribution (ADC)	\$ 5,577	\$ 5,639	\$ 5,334
Contributions in relation to The ADC	(12,424)	(13,233)	(8,014)
Contribution deficiency (excess)	<u>\$ (6,847)</u>	<u>\$ (7,594)</u>	<u>\$ (2,680)</u>
Covered employee payroll	\$ 44,181	\$ 46,799	\$ 49,135
Contributions as a percentage of covered employee payroll	28.12%	28.28%	16.31%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2025 were as follows:

ADC for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Projected salary increases	3.00%
Investment rate of return	5.60%
Post Retirement Benefit Increase	For medical plan premiums: 6.0% for the year beginning, fluctuating down to 3.90% by 2075
Mortality	Based on 2021 CalPERS Experience Study
Mortality Improvement	Based on MacLeod Watts Scale 2022

2020	2021	2022	2023	2024	2025
\$ 6,068	\$ 4,151	\$ 3,123	\$ 3,014	\$ 3,753	\$ 4,191
(8,497)	(6,772)	(5,848)	(5,387)	(5,718)	(6,680)
<u>\$ (2,429)</u>	<u>\$ (2,621)</u>	<u>\$ (2,725)</u>	<u>\$ (2,373)</u>	<u>\$ (1,965)</u>	<u>\$ (2,489)</u>
\$ 50,838	\$ 49,104	\$ 49,318	\$ 51,730	\$ 52,640	\$ 57,612
16.71%	13.79%	11.86%	10.41%	-10.86%	-11.59%

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OTHER SUPPLEMENTARY INFORMATION

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City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Park Land Dedication Capital Project

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,685	\$ 2,685	\$ 3,321	\$ 636
Total revenues	2,685	2,685	3,321	636
EXPENDITURES:				
Capital outlay	-	6,050	6,012	38
Total expenditures	-	6,050	6,012	38
REVENUES OVER (UNDER)				
EXPENDITURES	2,685	(3,365)	(2,691)	598
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	5,222	5,222
Transfers out	(1,800)	(6,202)	(6,202)	-
Total other financing sources (uses)	(1,800)	(6,202)	(980)	5,222
Net change in fund balances	\$ 885	\$ (9,567)	(3,671)	\$ 5,820
FUND BALANCES:				
Beginning of year			65,326	
End of year			<u>\$ 61,655</u>	

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City of Mountain View
Nonmajor Governmental Funds
June 30, 2025

SPECIAL REVENUE FUNDS

Gas Tax Fund

The Gas Tax Fund accounts for gas tax revenues received from the State and expended for construction and maintenance of City streets.

Other Streets and Transportation Fund (Formerly Vehicle Registration Fees Fund)

The Other Streets and Transportation Fund (Formerly Vehicle Registration Fees Fund) accounts for fees that voters approved to collect from vehicle registrations accounts for voters approved vehicle registrations fees and sales taxes used to fund local road improvements and repairs, and enhance transit, highways, expressways and active transportation.

Construction Tax Fund

The Construction Tax Fund accounts for revenues from excise tax imposed on the construction of buildings and mobile home lots for the sole purpose of raising revenue for municipal purposes. These revenues are used for acquisition, improvement, maintenance, expansion or implementation of the Capital Improvements Program.

Other Developer Fees Fund

The Other Developer Fees Fund accounts for revenues to be used to encourage development and rejuvenation of areas served by transit facilities.

CSFRA / Rental Housing Committee Fund

The CSFRA / Rental Housing Committee Fund accounts for the activities related to stabilize rents and provide just cause eviction protections for certain rental units in the City.

Mobile Home Rent Stabilization Ordinance Fund

The Mobile Home Rent Stabilization Ordinance Fund accounts for the activities related to stabilize rents and protect the rights for both the mobile home residents and the mobile park owners in the City.

Housing Successor Fund

The Housing Successor Fund accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Revitalization Authority. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

Shoreline Golf Links Fund

The Shoreline Golf Links Fund accounts for revenues from user fees at Shoreline Golf Links and related golf course operations and improvements.

Downtown Benefit Assessment District Fund

The Downtown Benefit Assessment District Fund accounts for revenue received for offstreet parking, fees paid in-lieu of providing parking in the District and for annual ad valorem rate and direct assessments levied against the property owners within the

**City of Mountain View
Nonmajor Governmental Funds
June 30, 2025**

SPECIAL REVENUE FUNDS (Continued)

General Special Purpose Fund

The General Special Purpose Fund accounts for fees paid for replacement trees and the CASp training program.

Police Asset Forfeitures Fund

The Police Asset Forfeitures Fund accounts for funds derived from criminal assets seized by police, primarily from illegal narcotics sales activity.

Grants Fund

The Grants Fund accounts for grants received, including Community Development Block Grants, Home Investment Partnership Act Grants, and other Housing related grants, the Local Law Enforcement Block Grant Program, the Supplemental Law Enforcement Services Grants and Traffic Safety grants

Cable Television Fund

The Cable Television Fund accounts for Public, Education and Government (PEG) fees collected by the cable providers and restricted for PEG channel support. The City passes a portion of these funds through to a third party to provide public, governmental and educational access television services.

Deferred Assessments Fund

The Deferred Assessments Fund accounts for a program which allows certain property owners to defer up to 100 percent of any special assessment levied on their property. The assessment becomes due upon certain specified occurrences.

DEBT SERVICE FUNDS

Shoreline Regional Park Community 2018 Revenue Bonds Fund

The Shoreline Regional Park Community 2018 Revenue Bonds Fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2018 Revenue Bonds Series A and Series B as they become due.

Shoreline Regional Park Community 2022 Revenue Bonds Fund

The Shoreline Regional Park Community 2022 Revenue Bonds Fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2022 Refunding Revenue Bonds Series A as they become due.

**City of Mountain View
Nonmajor Governmental Funds
June 30, 2025**

DEBT SERVICE FUNDS (Continued)

Special Assessments Fund

The Special Assessments Fund accounts for resources financed by special assessments levied against property receiving special benefits, contributions from other funds for general benefits and certain reserve requirements.

CAPITAL PROJECTS FUNDS

Storm Drain Construction Fund

The Storm Drain Construction Fund accounts for revenues derived from off-site drainage fees used for storm drain projects in the Capital Improvements Program.

City of Mountain View
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025
(Dollars in Thousands)

Special Revenue Funds				
	Gas Tax	Other Streets and Transportation	Construction Tax	Other Developer Fees
ASSETS				
Cash and investments	\$ 4,038	\$ 496	\$ 9,380	\$ 24,536
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	605	125	-	-
Interest	85	24	249	362
Loans and notes	-	-	-	-
Inventory	-	-	-	-
Total assets	\$ 4,728	\$ 645	\$ 9,629	\$ 24,898
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Refundable deposits	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	4,728	645	9,629	3,986
Committed	-	-	-	20,912
Unassigned	-	-	-	-
Total fund balances	4,728	645	9,629	24,898
Total liabilities, deferred inflows of resources and fund balances	\$ 4,728	\$ 645	\$ 9,629	\$ 24,898

Special Revenue Funds

CSFRA / Rental Housing Committee	Mobile Home Rent Stabilization Ordinance (MHRSO)	Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	General Special Purpose
\$ 1,224	\$ 543	\$ 1,683	\$ 439	\$ 26,300	\$ 377
-	-	-	20	-	-
94	-	-	-	-	-
9	4	-	1	168	2
-	-	11,410	-	-	-
-	-	-	112	-	-
<u>\$ 1,327</u>	<u>\$ 547</u>	<u>\$ 13,093</u>	<u>\$ 572</u>	<u>\$ 26,468</u>	<u>\$ 379</u>
\$ 6	\$ 2	\$ -	\$ 82	\$ 358	\$ -
-	-	-	6	2	58
-	-	-	412	-	-
<u>6</u>	<u>2</u>	<u>-</u>	<u>500</u>	<u>360</u>	<u>58</u>
-	-	-	112	-	-
1,321	545	13,093	-	26,108	-
-	-	-	-	-	321
-	-	-	(40)	-	-
<u>1,321</u>	<u>545</u>	<u>13,093</u>	<u>72</u>	<u>26,108</u>	<u>321</u>
<u>\$ 1,327</u>	<u>\$ 547</u>	<u>\$ 13,093</u>	<u>\$ 572</u>	<u>\$ 26,468</u>	<u>\$ 379</u>

(Continued)

City of Mountain View
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025
(Dollars in Thousands)

Special Revenue Funds				
	Police Asset Forfeitures	Grants	Cable Television	Deferred Assessments
ASSETS				
Cash and investments	\$ 431	\$ 10,194	\$ 793	\$ 390
Restricted cash and investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Interest	-	53	-	-
Loans and notes	-	20,804	-	-
Inventory	-	-	-	-
Total assets	\$ 431	\$ 31,051	\$ 793	\$ 390
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 59	\$ 36	\$ -
Refundable deposits	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	59	36	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	431	30,992	757	390
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	431	30,992	757	390
Total liabilities, deferred inflows of resources and fund balances	\$ 431	\$ 31,051	\$ 793	\$ 390

Debt Service Funds		Capital Projects Funds		
Shoreline Regional Park Community 2018 Revenue Bonds	Shoreline Regional Park Community 2022 Revenue Bonds	Special Assessments	Storm Drain Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 45	\$ 148	\$ 81,017
6,078	-	-	-	6,098
-	-	-	-	824
-	-	-	7	964
-	-	-	-	32,214
-	-	-	-	112
\$ 6,078	\$ -	\$ 45	\$ 155	\$ 121,229
\$ -	\$ -	\$ -	\$ -	\$ 543
-	-	-	-	66
-	-	-	-	412
-	-	-	-	1,021
-	-	-	-	112
6,078	-	45	155	98,903
-	-	-	-	21,233
-	-	-	-	(40)
6,078	-	45	155	120,208
\$ 6,078	\$ -	\$ 45	\$ 155	\$ 121,229

City of Mountain View

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds			
	Gas Tax	Other Streets and Transportation	Construction Tax	Other Developer Fees
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	4,866	-
Licenses, permits and fees	-	-	-	-
Use of money and property	117	(21)	96	1,389
Intergovernmental	4,765	1,463	-	-
Charges for services	-	125	-	-
Developer fees and contributions	-	-	-	59
Other	-	-	-	-
Total revenues	4,882	1,567	4,962	1,448
EXPENDITURES:				
Current:				
General government	-	-	-	2,450
Public safety	-	-	-	-
Public works	-	117	-	-
Community development	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	117	-	2,450
REVENUES OVER (UNDER) EXPENDITURES	4,882	1,450	4,962	(1,002)
OTHER FINANCING SOURCES (USES):				
Transfers in	727	155	4,494	1,125
Transfers out	(5,881)	(1,641)	(10,918)	(1,500)
Total other financing sources (uses)	(5,154)	(1,486)	(6,424)	(375)
Net change in fund balances	(272)	(36)	(1,462)	(1,377)
FUND BALANCES:				
Beginning of year	5,000	681	11,091	26,275
End of year	\$ 4,728	\$ 645	\$ 9,629	\$ 24,898

Special Revenue Funds

CSFRA / Rental Housing Committee	Mobile Home Rent Stabilization Ordinance (MHRSO)	Housing Successor	Shoreline Golf Links	Downtown Benefit Assessment District	General Special Purpose
\$ -	\$ -	\$ -	\$ -	\$ 1,317	\$ -
-	-	-	-	-	15
-	-	-	-	296	-
73	26	152	17	1,395	20
-	-	-	-	3	-
-	-	-	4,431	218	-
-	-	-	-	258	-
1,781	322	-	4	54	-
1,854	348	152	4,452	3,541	35
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,009	230	-	-	602	27
-	-	-	4,312	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,009	230	-	4,312	602	27
(155)	118	152	140	2,939	8
-	-	-	-	31	-
(5)	-	-	(178)	(109)	-
(5)	-	-	(178)	(78)	-
(160)	118	152	(38)	2,861	8
1,481	427	12,941	110	23,247	313
\$ 1,321	\$ 545	\$ 13,093	\$ 72	\$ 26,108	\$ 321

(Continued)

City of Mountain View

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds			
	Police Asset Forfeitures	Grants	Cable Television	Deferred Assessments
REVENUES:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses, permits and fees	-	-	-	-
Use of money and property	2	571	-	-
Intergovernmental	-	1,314	-	-
Charges for services	-	-	-	-
Developer fees and contributions	-	-	-	-
Other	-	-	134	-
Total revenues	2	1,885	134	-
EXPENDITURES:				
Current:				
General government	-	-	202	-
Public safety	-	256	-	-
Public works	-	-	-	-
Community development	-	489	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	745	202	-
REVENUES OVER (UNDER)				
EXPENDITURES	2	1,140	(68)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	2	1,140	(68)	-
FUND BALANCES:				
Beginning of year	429	29,852	825	390
End of year	<u>\$ 431</u>	<u>\$ 30,992</u>	<u>\$ 757</u>	<u>\$ 390</u>

Debt Service Funds		Capital Projects Funds		
Shoreline Regional Park Community 2018 Revenue Bonds	Shoreline Regional Park Community 2022 Revenue Bonds	Special Assessments	Storm Drain Construction	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,317
-	-	-	-	4,881
-	-	-	-	296
253	-	-	8	4,098
-	-	-	-	7,545
-	-	-	2	4,776
-	-	-	-	317
-	-	-	-	2,295
253	-	-	10	25,525
-	-	-	-	2,652
-	-	-	-	256
-	-	-	-	117
-	-	-	-	3,357
-	-	-	-	4,312
985	875	-	-	1,860
2,996	968	-	-	3,964
3,981	1,843	-	-	16,518
(3,728)	(1,843)	-	10	9,007
3,612	1,836	-	134	12,114
-	-	-	(261)	(20,493)
3,612	1,836	-	(127)	(8,379)
(116)	(7)	-	(117)	628
6,194	7	45	272	119,580
\$ 6,078	\$ -	\$ 45	\$ 155	\$ 120,208

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Gas Tax

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 307	\$ 307	\$ 117	\$ (190)
Intergovernmental	4,427	4,427	4,765	338
Total revenues	4,734	4,734	4,882	148
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	4,734	4,734	4,882	148
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	727	727
Transfers out	(5,656)	(5,881)	(5,881)	-
Total other financing sources (uses)	(5,656)	(5,881)	(5,154)	727
Net change in fund balances	\$ (922)	\$ (1,147)	(272)	\$ 875
FUND BALANCES:				
Beginning of year			5,000	
End of year			\$ 4,728	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Other Streets and Transportation

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 109	\$ 109	\$ (21)	\$ (130)
Intergovernmental	550	976	1,463	487
Charges for services	-	-	125	125
Total revenues	659	1,085	1,567	482
EXPENDITURES:				
Current:				
Public works	50	189	117	72
Total expenditures	50	189	117	72
REVENUES OVER (UNDER)				
EXPENDITURES	609	896	1,450	554
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	155	155
Transfers out	100	(1,641)	(1,641)	-
Total other financing sources (uses)	100	(1,641)	(1,486)	155
Net change in fund balances	\$ 709	\$ (745)	(36)	\$ 709
FUND BALANCES:				
Beginning of year			681	
End of year			\$ 645	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Construction Tax

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Other taxes	\$ 5,010	\$ 5,010	\$ 4,866	\$ (144)
Use of money and property	1,233	1,233	96	(1,137)
Total revenues	6,243	6,243	4,962	(1,281)
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	6,243	6,243	4,962	(1,281)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	4,494	4,494
Transfers out	(10,593)	(10,918)	(10,918)	-
Total other financing sources (uses)	(10,593)	(10,918)	(6,424)	4,494
Net change in fund balances	\$ (4,350)	\$ (4,675)	(1,462)	\$ 3,213
FUND BALANCES:				
Beginning of year			11,091	
End of year			<u>\$ 9,629</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Other Developer Fees

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,645	\$ 1,645	\$ 1,389	\$ (256)
Developer fees and contributions	-	-	59	59
Total revenues	1,645	1,645	1,448	(197)
EXPENDITURES:				
Current:				
General government				
City council	-	2,450	2,450	-
Total expenditures	-	2,450	2,450	-
REVENUES OVER (UNDER)				
EXPENDITURES	1,645	(805)	(1,002)	(197)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	1,125	1,125
Transfers out	(1,500)	(1,500)	(1,500)	-
Total other financing sources (uses)	(1,500)	(1,500)	(375)	1,125
Net change in fund balances	\$ 145	\$ (2,305)	(1,377)	\$ 928
FUND BALANCES:				
Beginning of year			26,275	
End of year			\$ 24,898	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CSFRA / Rental Housing Committee

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 33	\$ 33	\$ 73	\$ 40
Other	1,697	1,697	1,781	84
Total revenues	1,730	1,730	1,854	124
EXPENDITURES:				
Current:				
Community development	2,342	2,478	2,009	469
Total expenditures	2,342	2,478	2,009	469
REVENUES OVER (UNDER)				
EXPENDITURES	(612)	(748)	(155)	593
OTHER FINANCING SOURCES (USES):				
Transfers out	(5)	(5)	(5)	-
Total other financing sources (uses)	(5)	(5)	(5)	-
Net change in fund balances	\$ (617)	\$ (753)	(160)	\$ 593
FUND BALANCES:				
Beginning of year			1,481	
End of year			\$ 1,321	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Mobile Home Rent Stabilization Ordinance (MHRSO)

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 8	\$ 8	\$ 26	\$ 18
Other	316	316	322	6
Total revenues	324	324	348	24
EXPENDITURES:				
Current:				
Community development	321	323	230	93
Total expenditures	321	323	230	93
REVENUES OVER (UNDER)				
EXPENDITURES	3	1	118	117
Net change in fund balances	\$ 3	\$ 1	118	\$ 117
FUND BALANCES:				
Beginning of year			427	
End of year			<u>\$ 545</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Housing Successor

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 39	\$ 39	\$ 152	\$ 113
Total revenues	39	39	152	113
EXPENDITURES:				
Current:				
Community development	1,000	1,000	-	1,000
Total expenditures	1,000	1,000	-	1,000
REVENUES OVER (UNDER)				
EXPENDITURES	(961)	(961)	152	1,113
Net change in fund balances	\$ (961)	\$ (961)	152	\$ 1,113
FUND BALANCES:				
Beginning of year			12,941	
End of year			\$ 13,093	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Shoreline Golf Links

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 17	\$ 17
Charges for services	4,699	4,699	4,431	(268)
Other	9	9	4	(5)
Total revenues	4,708	4,708	4,452	(256)
EXPENDITURES:				
Current:				
Culture and recreation				
Community services	4,453	4,464	4,312	152
Total expenditures	4,453	4,464	4,312	152
REVENUES OVER (UNDER)				
EXPENDITURES	255	244	140	(104)
OTHER FINANCING SOURCES (USES):				
Transfers out	(78)	(178)	(178)	-
Total other financing sources (uses)	(78)	(178)	(178)	-
Net change in fund balances	\$ 177	\$ 66	(38)	\$ (104)
FUND BALANCES:				
Beginning of year			110	
End of year			<u>\$ 72</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Downtown Benefit Assessment District

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Property taxes	\$ 1,327	\$ 1,327	\$ 1,317	\$ (10)
Licenses, permits and fees	250	250	296	46
Use of money and property	658	658	1,395	737
Intergovernmental	3	3	3	-
Charges for services	231	231	218	(13)
Developer fees and contributions	-	-	258	258
Other	-	-	54	54
Total revenues	2,469	2,469	3,541	1,072
EXPENDITURES:				
Current:				
Community development	626	897	602	295
Total expenditures	626	897	602	295
REVENUES OVER (UNDER)				
EXPENDITURES	1,843	1,572	2,939	1,367
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	31	31
Transfers out	(109)	(109)	(109)	-
Total other financing sources (uses)	(109)	(109)	(78)	31
Net change in fund balances	\$ 1,734	\$ 1,463	2,861	\$ 1,398
FUND BALANCES:				
Beginning of year			23,247	
End of year			\$ 26,108	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

General Special Purpose

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Other taxes	\$ -	\$ -	\$ 15	\$ 15
Use of money and property	11	11	20	9
Charges for services	50	50	-	(50)
Total revenues	61	61	35	(26)
EXPENDITURES:				
Current:				
Community development	131	136	27	109
Total expenditures	131	136	27	109
REVENUES OVER (UNDER)				
EXPENDITURES	(70)	(75)	8	83
Net change in fund balances	\$ (70)	\$ (75)	8	\$ 83
FUND BALANCES:				
Beginning of year			313	
End of year			\$ 321	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Police Asset Forfeitures

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Total revenues	-	-	2	2
EXPENDITURES:				
Current:				
Public safety				
Police	-	430	-	430
Total expenditures	-	430	-	430
REVENUES OVER (UNDER)				
EXPENDITURES	-	(430)	2	432
Net change in fund balances	<u>\$ -</u>	<u>\$ (430)</u>	<u>2</u>	<u>\$ 432</u>
FUND BALANCES:				
Beginning of year			429	
End of year			<u>\$ 431</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Grants

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 571	\$ 571
Intergovernmental	1,820	1,902	1,314	(588)
Total revenues	1,820	1,902	1,885	(17)
EXPENDITURES:				
Current:				
Public safety				
Police	175	257	256	1
Community development	1,647	6,314	489	5,825
Total expenditures	1,822	6,571	745	5,826
REVENUES OVER (UNDER)				
EXPENDITURES	(2)	(4,669)	1,140	5,809
Net change in fund balances	\$ (2)	\$ (4,669)	1,140	\$ 5,809
FUND BALANCES:				
Beginning of year			29,852	
End of year			<u>\$ 30,992</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Cable Television

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Other	\$ 145	\$ 145	\$ 134	\$ (11)
Total revenues	145	145	134	(11)
EXPENDITURES:				
Current:				
General government				
City manager	195	284	202	82
Total expenditures	195	284	202	82
REVENUES OVER (UNDER)				
EXPENDITURES	(50)	(139)	(68)	71
Net change in fund balances	\$ (50)	\$ (139)	(68)	\$ 71
FUND BALANCES:				
Beginning of year			825	
End of year			<u>\$ 757</u>	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Deferred Assessments

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	-	-
Net change in fund balances	\$ -	\$ -	-	\$ -
FUND BALANCES:				
Beginning of year			390	
End of year			\$ 390	

City of Mountain View

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Storm Drain Construction

For the year ended June 30, 2025

(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 32	\$ 32	\$ 8	\$ (24)
Charges for services	10	10	2	(8)
Total revenues	42	42	10	(32)
EXPENDITURES:				
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	42	42	10	(32)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	134	134
Transfers out	(261)	(261)	(261)	-
Total other financing sources (uses)	(261)	(261)	(127)	134
Net change in fund balances	\$ (219)	\$ (219)	(117)	\$ 102
FUND BALANCES:				
Beginning of year			272	
End of year			<u>\$ 155</u>	

**City of Mountain View
Internal Service Funds
June 30, 2025**

Equipment Maintenance and Replacement Fund

The Equipment Maintenance and Replacement Fund accounts for equipment maintenance services provided to other funds and the replacement of certain equipment.

Workers' Compensation Insurance Fund

The Workers' Compensation Insurance Fund accounts for the City's self-insurance program for workers' compensation benefits and for the administration of safety and loss prevention programs.

Unemployment Self-Insurance Fund

The Unemployment Self-Insurance Fund accounts for State and Federal-mandated unemployment insurance benefits for employees.

Liability Self-Insurance Fund

The Liability Self-Insurance Fund accounts for the City's general liability self-insurance and property insurance programs.

Retirees' Health Plan Fund

The Retirees' Health Plan Fund accounts for the health plan contributions for retirees of the City and the funds set aside for future retirees' benefits.

Employee Benefits Plan Fund

The Employee Benefits Plan Fund accounts for the City's self-insurance vision and other benefits for City employees.

City of Mountain View
Combining Statement of Net Position
Internal Service Funds
June 30, 2025
(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self- Insurance
ASSETS			
Current Assets:			
Cash and investments	\$ 28,312	\$ 12,364	\$ 612
Restricted cash and investments	-	200	-
Receivables:			
Interest	210	70	4
Deposits and prepaid items	-	-	-
Total current assets	28,522	12,634	616
Noncurrent:			
Capital assets:			
Depreciable capital assets	178	-	-
Accumulated depreciation	(178)	-	-
Net capital assets	-	-	-
Total noncurrent assets	-	-	-
Total assets	28,522	12,634	616
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	854	151	-
Compensated absences - current	15	-	-
Accrued self-insurance costs - current	-	3,695	-
Total current liabilities	869	3,846	-
Noncurrent liabilities:			
Compensated absences	97	-	-
Accrued self-insurance costs	-	8,309	-
Total noncurrent liabilities	97	8,309	-
Total liabilities	966	12,155	-
NET POSITION			
Unrestricted	27,556	479	616
Total net position	\$ 27,556	\$ 479	\$ 616

Liability Self- Insurance	Retirees' Health Plan	Employee Benefits Plan	Totals
\$ 4,844	\$ 504	\$ 519	\$ 47,155
902	-	-	1,102
32	2	3	321
402	-	-	402
6,180	506	522	48,980
-	-	-	178
-	-	-	(178)
-	-	-	-
-	-	-	-
6,180	506	522	48,980
30	7	10	1,052
-	-	-	15
507	-	-	4,202
537	7	10	5,269
-	-	-	97
524	-	-	8,833
524	-	-	8,930
1,061	7	10	14,199
5,119	499	512	34,781
\$ 5,119	\$ 499	\$ 512	\$ 34,781

City of Mountain View

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

For the year ended June 30, 2025

(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self- Insurance
OPERATING REVENUES:			
Charges for services	\$ 3,247	\$ 2,600	\$ -
Other	300	21	-
Total operating revenues	3,547	2,621	-
OPERATING EXPENSES:			
Salaries and related expenses	1,843	126	-
Insurance claims and premiums	-	4,505	-
General and administrative	7,675	196	21
Total operating expenses	9,518	4,827	21
Operating income (loss)	(5,971)	(2,206)	(21)
NONOPERATING REVENUES (EXPENSES):			
Investment income	1,752	689	35
Total nonoperating revenues (expenses)	1,752	689	35
Income before contributions and transfers	(4,219)	(1,517)	14
CONTRIBUTIONS AND TRANSFERS:			
Transfers in	2,089	-	-
Transfers out	(1,001)	-	-
Total contributions and transfers	1,088	-	-
Change in net position	(3,131)	(1,517)	14
NET POSITION:			
Beginning of year	\$ 30,712	\$ 1,996	\$ 602
Restatements	(25)	-	-
Beginning of year, as restated	30,687	1,996	602
End of year	\$ 27,556	\$ 479	\$ 616

Liability Self- Insurance	Retirees' Health Plan	Employee Benefits Plan	Totals
\$ 5,621	\$ 4,327	\$ 37	\$ 15,832
348	2,263	2	2,934
5,969	6,590	39	18,766
-	6,508	50	8,527
4,709	-	-	9,214
1,142	24	7	9,065
5,851	6,532	57	26,806
118	58	(18)	(8,040)
165	(21)	29	2,649
165	(21)	29	2,649
283	37	11	(5,391)
200	2,800	-	5,089
-	(2,800)	-	(3,801)
200	-	-	1,288
483	37	11	(4,103)
\$ 4,636	\$ 462	\$ 501	38,909
-	-	-	(25)
4,636	462	501	38,884
\$ 5,119	\$ 499	\$ 512	\$ 34,781

City of Mountain View
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2025
(Dollars in Thousands)

	Equipment Maintenance & Replacement	Workers' Compensation Insurance	Unemployment Self- Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from Interfund charges	\$ 3,547	\$ 2,621	\$ -
Cash paid to suppliers for goods and services	(6,895)	(217)	(21)
Cash paid to employees for services	(1,843)	(126)	-
Claims paid	-	(3,368)	-
Net cash provided by (used in) operating activities	(5,191)	(1,090)	(21)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	2,089	-	-
Transfers out	(1,001)	-	-
Net cash provided by (used in) noncapital financing activities	1,088	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,716	684	34
Net cash provided by (used in) investing activities	1,716	684	34
Net cash flows	(2,387)	(406)	13
CASH AND INVESTMENTS - Beginning of year	30,699	12,970	599
CASH AND INVESTMENTS - End of year	\$ 28,312	\$ 12,564	\$ 612
RECONCILIATION OF CASH AND CASH EQUIVALENTS:			
Cash and investments	28,312	12,364	612
Restricted cash and investments	-	200	-
Total cash and cash equivalents	\$ 28,312	\$ 12,564	\$ 612
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (5,971)	\$ (2,206)	\$ (21)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Changes in assets and liabilities:			
Deposits and prepaid items	-	-	-
Accounts payable and accrued liabilities	780	(21)	-
Accrued compensated absences	-	-	-
Accrued self-insurance costs	-	1,137	-
Net cash provided by (used in) operating activities	\$ (5,191)	\$ (1,090)	\$ (21)

Liability Self-Insurance	Retirees' Health Plan	Employee Benefits Plan	Totals
\$ 5,969	\$ 6,590	\$ 39	\$ 18,766
(1,154)	(20)	-	(8,307)
-	(6,508)	(50)	(8,527)
(4,605)	-	-	(7,973)
210	62	(11)	(6,041)
200	2,800	-	5,089
-	(2,800)	-	(3,801)
200	-	-	1,288
157	(34)	29	2,586
157	(34)	29	2,586
567	28	18	(2,167)
5,179	476	501	50,424
\$ 5,746	\$ 504	\$ 519	\$ 48,257
4,844	504	519	47,155
902	-	-	1,102
\$ 5,746	\$ 504	\$ 519	\$ 48,257
\$ 118	\$ 58	\$ (18)	\$ (8,040)
(12)	-	-	(12)
-	4	7	770
-	-	-	-
104	-	-	1,241
\$ 210	\$ 62	\$ (11)	\$ (6,041)

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**City of Mountain View
Custodial Funds
June 30, 2025**

Fire Union Custodial Fund

The Fire Union Custodial Fund accounts for money received on behalf of the Fire Union used for union activities.

Police Union Custodial Fund

The Police Union Custodial Fund accounts for money received on behalf of the Police Union used for union activities.

Center for the Performing Arts Custodial Fund

The Center for the Performing Arts Custodial Fund accounts for money received by the Center for the Performing Arts on behalf of the event organizers.

City of Mountain View
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2025
(Dollars in Thousands)

	Fire Union	Police Union	Flexible Benefits Plan	Center For the Performing Arts	Total Custodial Funds
ASSETS					
Cash and investments	\$ 43	\$ 7	\$ -	\$ -	\$ 50
Restricted cash and investments	-	-	-	400	400
Total assets	43	7	-	400	450
LIABILITIES					
Total liabilities	-	-	-	-	-
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments	43	7	-	400	450
Total Net Position	\$ 43	\$ 7	\$ -	\$ 400	\$ 450

City of Mountain View
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the year ended June 30, 2025
(Dollars in Thousands)

	Fire Union	Police Union	Flexible Benefits Plan	Center For the Performing Arts	Total Custodial Funds
ADDITIONS:					
Fees and others collected	\$ 53	\$ 16	\$ -	\$ 406	\$ 475
Total additions	<u>53</u>	<u>16</u>	<u>-</u>	<u>406</u>	<u>475</u>
DEDUCTIONS:					
Distribution to others	\$ 45	\$ 29	\$ -	\$ 444	518
Total deductions	<u>45</u>	<u>29</u>	<u>-</u>	<u>444</u>	<u>518</u>
Change in net position	8	(13)	-	(38)	(43)
NET POSITION:					
Beginning of year	\$ 35	\$ 20	\$ 177	\$ 438	670
Restatements	-	-	(177)	-	(177)
Beginning of year, as restated	<u>35</u>	<u>20</u>	<u>-</u>	<u>438</u>	<u>493</u>
End of year	<u>\$ 43</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 450</u>

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STATISTICAL SECTION

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CITY OF MOUNTAIN VIEW, CALIFORNIA
Statistical Section
For the Fiscal Year Ended June 30, 2025

This section of the City'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.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

CITY OF MOUNTAIN VIEW, CALIFORNIA

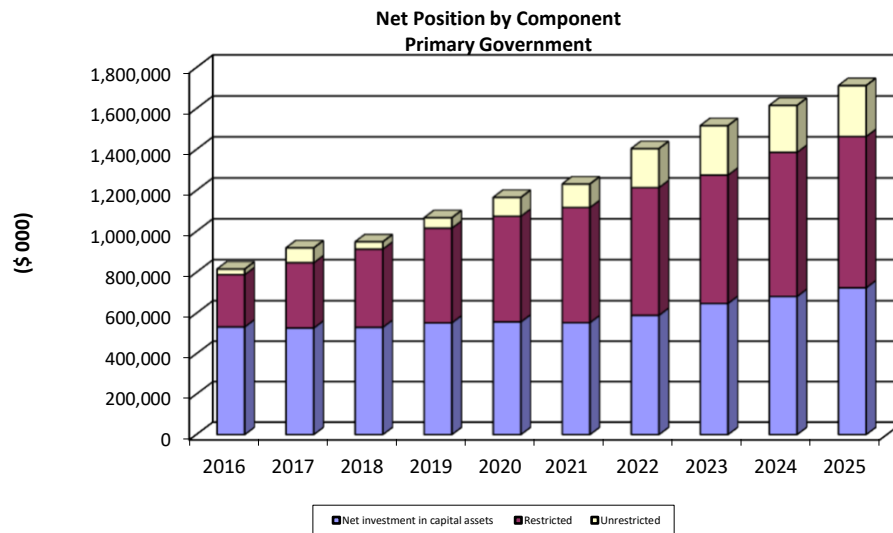
Net Position by Component

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 450,011	\$ 446,280	\$ 450,851	\$ 466,424
Restricted	256,471	319,980	382,993	463,224
Unrestricted	(11,492)	20,918	(42,935) ⁽¹⁾	(31,615)
Total governmental activities net position	<u>\$ 694,990</u>	<u>\$ 787,178</u>	<u>\$ 790,909</u>	<u>\$ 898,033</u>
Business-type activities				
Net investment in capital assets	82,555	80,809	79,783	86,332
Unrestricted	38,244	51,586	78,278	82,193
Total business-type activities net position	<u>\$ 120,799</u>	<u>\$ 132,395</u>	<u>\$ 158,061</u>	<u>\$ 168,525</u>
Primary government				
Net investment in capital assets	\$ 532,566	\$ 527,089	\$ 530,634	\$ 552,756
Restricted	256,471	319,980	382,993	463,224
Unrestricted	26,752	72,504	35,343 ⁽¹⁾	50,578
Total primary government net position	<u>\$ 815,789</u>	<u>\$ 919,573</u>	<u>\$ 948,970</u>	<u>\$ 1,066,558</u>

- (1) The Unrestricted Net Position decreased in fiscal year ended June 30, 2018 due to the implementation of GASB No. 75.
- (2) The Unrestricted Net Position restated in fiscal year ended June 30, 2021 due to the implementation of GASB No. 87.

CITY OF MOUNTAIN VIEW, CALIFORNIA



Fiscal Year Ended June 30,

2020	2021 (as restated)	2022	2023	2024	2025
\$ 467,378	\$ 467,855	\$ 502,737	\$ 555,678	\$ 583,085	\$619,378
516,825	562,840	624,062	626,817	703,859	739,144
(1,976)	8,772 ⁽²⁾	66,457	100,514	81,242	88,890
<u>\$ 982,227</u>	<u>\$ 1,039,467</u>	<u>\$ 1,193,256</u>	<u>\$ 1,283,009</u>	<u>\$ 1,368,186</u>	<u>\$ 1,447,412</u>
89,969	86,020	87,218	92,486	99,104	104,891
93,692	106,155	124,051	141,036	148,063	159,731
<u>\$ 183,661</u>	<u>\$ 192,175</u>	<u>\$ 211,269</u>	<u>\$ 233,522</u>	<u>\$ 247,167</u>	<u>\$ 264,622</u>
\$ 557,347	\$ 553,875	\$ 589,955	\$ 648,164	\$ 682,189	\$ 724,269
516,825	562,840	624,062	626,817	703,859	739,144
91,716	114,927	190,508	241,550	229,305	248,621
<u>\$ 1,165,888</u>	<u>\$ 1,231,642</u>	<u>\$ 1,404,525</u>	<u>\$ 1,516,531</u>	<u>\$ 1,615,353</u>	<u>\$ 1,712,034</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA

Changes in Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
Expenses				
Governmental activities				
General government	\$ 35,510	\$ 38,460	\$ 44,602	\$ 46,797
Public safety	53,538	57,759	66,688	70,435
Public works	31,052	29,541	36,057	35,195
Community development	11,991	13,564	18,206	18,859
Culture and recreation	30,105	31,275	35,698	35,619
Interest on long term debt	1,860	1,732	1,633	3,971
Total governmental activities expenses	164,056	172,331	202,884	210,876
Business-type activities				
Water	27,809	30,459	35,101	35,868
Wastewater	17,332	18,250	17,294	19,526
Solid Waste	11,945	11,762	13,235	13,682
Total business-type activities expenses	57,086	60,471	65,630	69,076
Total primary government expenses	<u>\$ 221,142</u>	<u>\$ 232,802</u>	<u>\$ 268,514</u>	<u>\$ 279,952</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 28,846	\$ 34,198	\$ 39,415	\$ 53,704
Public safety	1,643	1,205	1,333	1,407
Public works	3,911	3,165	3,546	3,906
Community development	11,941	14,055	20,485	18,266
Culture and recreation	5,106	5,057	5,315	5,741
Operating grants and contributions	4,297	3,902	3,265	5,111
Capital grants and contributions	31,291	68,541	68,479	62,861
Total government activities program revenues	87,035	130,123	141,838	150,996
Business-type activities				
Charges for services:				
Water	27,953	33,847	40,571	34,844
Wastewater	19,730	22,818	22,369	23,513
Solid Waste	13,125	14,053	14,870	15,588
Operating grants and contributions	-	-	-	-
Capital grants and contributions	385	2,443	12,761	2,636
Total business-type activities program revenues	61,193	73,161	90,571	76,581
Total primary government program revenues	<u>\$ 148,228</u>	<u>\$ 203,284</u>	<u>\$ 232,409</u>	<u>\$ 227,577</u>
Net (Expense) Revenue				
Governmental activities	\$ (77,021)	\$ (42,208)	\$ (61,046)	\$ (59,880)
Business-type activities	4,107	12,690	24,941	7,505
Total primary government net expense	<u>\$ (72,914)</u>	<u>\$ (29,518)</u>	<u>\$ (36,105)</u>	<u>\$ (52,375)</u>

- (1) California Water and Wastewater Arrearage Payment Program funding received in Fiscal Year 2021-22 applied to delinquent water and wastewater bills during the COVID-19 pandemic.

Schedule 2

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 48,167	\$ 51,531	\$ 50,952	\$ 57,508	\$ 68,714	\$ 75,532
76,853	77,385	62,335	87,425	95,753	99,773
40,789	39,487	42,119	51,273	46,972	43,091
20,423	17,143	15,726	21,303	19,081	21,192
58,221	35,164	33,840	40,854	45,265	52,228
4,278	4,176	4,179	4,303	3,918	3,953
<u>248,731</u>	<u>224,886</u>	<u>209,151</u>	<u>262,666</u>	<u>279,703</u>	<u>295,769</u>
37,522	36,981	32,425	35,284	43,734	43,870
20,109	21,848	22,359	22,472	28,181	29,516
15,077	13,573	12,543	15,255	15,190	17,410
<u>72,708</u>	<u>72,402</u>	<u>67,327</u>	<u>73,011</u>	<u>87,105</u>	<u>90,796</u>
<u>\$ 321,439</u>	<u>\$ 297,288</u>	<u>\$ 276,478</u>	<u>\$ 335,677</u>	<u>\$ 366,808</u>	<u>\$ 386,565</u>
\$ 39,191	\$ 43,087	\$ 59,868	\$ 54,643	\$ 52,215	\$49,074
1,270	801	823	1,038	1,099	1,566
2,916	3,397	3,553	2,333	6,273	3,061
15,229	13,123	14,352	13,149	6,768	7,433
4,993	4,903	6,664	7,841	8,736	9,188
6,637	4,572	20,073	15,452	6,086	7,916
81,176	56,217	94,132	35,641	21,853	13,096
<u>151,412</u>	<u>126,100</u>	<u>199,465</u>	<u>130,097</u>	<u>103,030</u>	<u>91,334</u>
38,092	38,205	36,373	36,760	43,175	47,575
25,850	22,962	27,347	29,965	33,247	35,274
15,837	14,731	14,967	15,693	16,543	16,874
-	-	546 ⁽¹⁾	4	10	-
5,014	5,033	9,465	10,987	2,866	767
<u>84,793</u>	<u>80,931</u>	<u>88,698</u>	<u>93,409</u>	<u>95,841</u>	<u>100,490</u>
<u>\$ 236,205</u>	<u>\$ 207,031</u>	<u>\$ 288,163</u>	<u>\$ 223,506</u>	<u>\$ 198,871</u>	<u>\$ 191,824</u>
\$ (97,319)	\$ (98,786)	\$ (9,686)	\$ (132,569)	\$ (176,673)	\$ (204,435)
12,085	8,529	21,371	20,398	8,736	9,694
<u>\$ (85,234)</u>	<u>\$ (90,257)</u>	<u>\$ 11,685</u>	<u>\$ (112,171)</u>	<u>\$ (167,937)</u>	<u>\$ (194,741)</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA

Changes in Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2016	2017	2018
General Revenues and Other Changes in Net Position			
Governmental activities			
Taxes:			
Property taxes	\$ 71,563	\$ 86,373	\$ 92,478
Sales taxes	21,401	21,829	20,713
Transient occupancy tax	6,591	7,043	7,057
Utility users tax	9,898	8,573	8,136
Nonregulatory franchise and business	4,954	4,997	5,364
Intergovernmental revenue	211	219	228
Investment income	8,551	1,314	1,459
Other	1,724	2,859	-
Transfers	386	1,189	(588)
Total government activities	125,279	134,396	134,847
Business-type activities			
Investment income	498	95	137
Transfers	(386)	(1,189)	588
Total business-type activities	112	(1,094)	725
Total primary government	\$ 125,391	\$ 133,302	\$ 135,572
Change in Net Position			
Change in net position before extraordinary and special items:			
Governmental activities	\$ 48,258	\$ 92,188	\$ 73,801
Business-type activities	4,219	11,596	25,666
Total primary government	52,477	103,784	99,467
Change in net position	\$ 52,477	\$ 103,784	\$ 99,467

Schedule 2

	Fiscal Year Ended June 30,					
<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
\$ 95,420	\$ 107,192	\$ 119,678	\$ 128,861	\$ 143,153	\$ 153,598	\$ 164,321
25,058	19,792	18,284	23,456	25,394	24,492	21,177
7,051	5,602	1,918	4,437	9,522	7,961	10,565
7,850	7,870	7,654	8,717	9,672	7,648	11,084
5,549	7,886	9,408	11,784	11,789	11,766	12,208
219	245	242	281	270	293	374
26,411	33,613	1,056	(14,108)	23,594	57,607	71,041
-	-	-	-	-	-	-
(554)	(687)	(9)	47	(1,072)	(1,515)	(2,430)
<u>167,004</u>	<u>181,513</u>	<u>158,231</u>	<u>163,475</u>	<u>222,322</u>	<u>261,850</u>	<u>\$ 288,340</u>
2,405	2,364	(24)	(2,230)	783	3,394	5,769
554	687	9	(47)	1,072	1,515	2,430
<u>2,959</u>	<u>3,051</u>	<u>(15)</u>	<u>(2,277)</u>	<u>1,855</u>	<u>4,909</u>	<u>8,199</u>
<u>\$ 169,963</u>	<u>\$ 184,564</u>	<u>\$ 158,216</u>	<u>\$ 161,198</u>	<u>\$ 224,177</u>	<u>\$ 266,759</u>	<u>\$ 296,539</u>
\$ 107,124	\$ 84,194	\$ 59,445	\$ 153,789	\$ 89,753	\$ 85,177	\$ 83,905
10,464	15,136	8,514	19,094	22,253	13,645	17,893
<u>117,588</u>	<u>99,330</u>	<u>67,959</u>	<u>172,883</u>	<u>112,006</u>	<u>98,822</u>	<u>101,798</u>
<u>\$ 117,588</u>	<u>\$ 99,330</u>	<u>\$ 67,959</u>	<u>\$ 172,883</u>	<u>\$ 112,006</u>	<u>\$ 98,822</u>	<u>\$ 101,798</u>

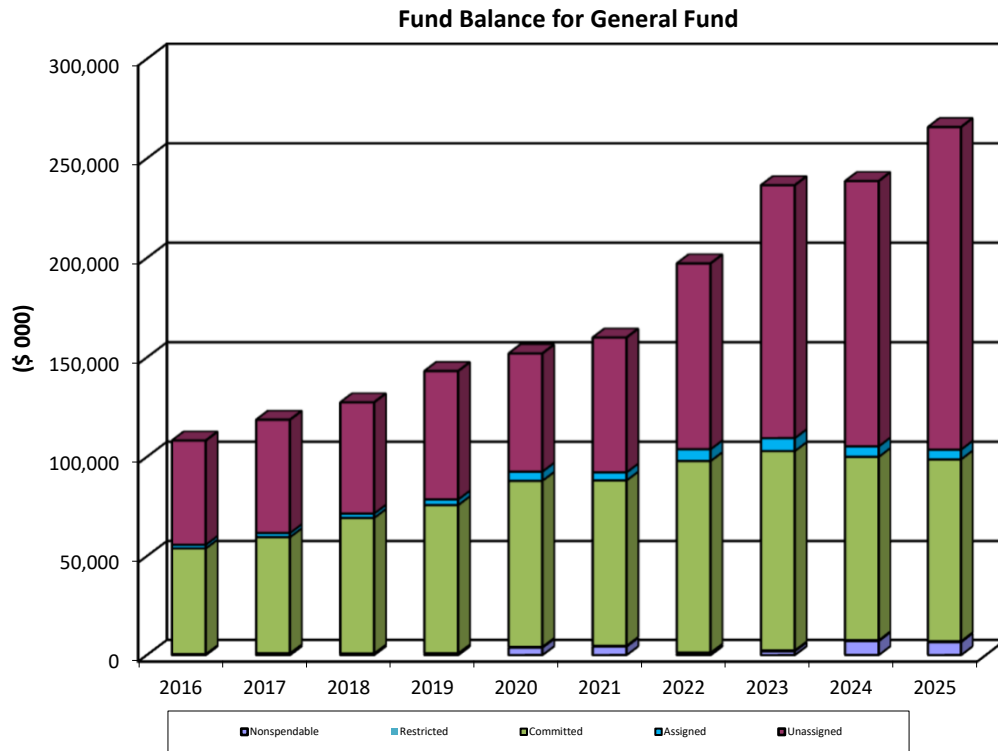
CITY OF MOUNTAIN VIEW, CALIFORNIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
General Fund				
Nonspendable	\$ 523	\$ 541	\$ 407	\$ 519
Restricted	-	410	420	424
Committed	53,399	58,655	68,483	74,881
Assigned	1,860	2,094	2,202	2,819
Unassigned	52,459	56,979	55,913	64,539
Total General Fund	<u>\$ 108,241</u>	<u>\$ 118,679</u>	<u>\$ 127,425</u>	<u>\$ 143,182</u>
All Other Governmental Funds				
Nonspendable	\$ 57	\$ 64	\$ 60	\$ 72
Restricted	256,281	318,281	382,132	532,282
Committed	4,149	17,027	10,553	8,175
Unassigned	(3)	-	(55)	(128)
Total all other governmental funds	<u>\$ 260,484</u>	<u>\$ 335,372</u>	<u>\$ 392,690</u>	<u>\$ 540,401</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA



Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
\$ 3,757	\$ 4,292	\$ 835	\$ 1,960	\$ 7,059	\$ 6,567
430	437	436	445	442	449
83,827	83,453	96,704	100,554	92,519	91,754
4,604	4,044	5,920	6,479	5,293	4,899
59,394	67,792	93,390	127,142	133,341	162,136
<u>\$ 152,012</u>	<u>\$ 160,018</u>	<u>\$ 197,285</u>	<u>\$ 236,580</u>	<u>\$ 238,654</u>	<u>\$ 265,805</u>
\$ 17,051	\$ 17,060	\$ 72	\$ 75	\$ 144	\$ 112
586,008	632,852	696,443	696,079	775,590	811,168
13,318	20,869	36,067	34,634	23,024	21,233
-	-	-	-	-	(40)
<u>\$ 616,377</u>	<u>\$ 670,781</u>	<u>\$ 732,582</u>	<u>\$ 730,788</u>	<u>\$ 798,758</u>	<u>\$ 832,473</u>

CITY OF MOUNTAIN VIEW, CALIFORNIA
Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Revenues					
Taxes	\$ 116,783	\$ 131,921	\$ 136,206	\$ 146,048	\$ 149,433
Licenses, permits and fees	28,136	12,554	17,202	14,688	12,368
Fines and forfeitures	697	872	912	979	768
Use of money and property	19,730	17,508	20,228	45,389	52,008
Intergovernmental	6,415	4,590	5,706	7,062	6,397
Charges for services	27,882	27,330	30,077	32,594	30,479
Developer fees and contributions	-	57,628 ⁽¹⁾	60,239	52,291	66,709
Other	7,681	6,233	7,055	17,052	6,903
Total Revenues	207,324	258,636	277,625	316,103	325,065
Expenditures					
Current:					
General government	34,269	37,379	43,432	44,284	46,303
Public safety	54,790	56,893	65,276	65,968	69,665
Public works	11,924	12,852	16,229	16,400	16,875
Community development	11,941	13,304	18,099	17,988	20,062
Culture and recreation	23,979	24,707	29,257	28,315	52,912
Capital outlay	17,914	16,495	32,688	39,817	24,490
Debt service:					
Principal	7,187	4,782	3,355	3,453	1,927
Interest and fiscal charges	1,936	1,782	1,673	2,847	4,533
Total Expenditures	163,940	168,194	210,009	219,072	236,767
Excess (deficiency) of revenues over (under) expenditures	43,384	90,442	67,616	97,031	88,298
Other Financing Sources (Uses)					
Sale of capital assets	1,950	2,894	1,821	-	-
Issuance of bonds	-	-	-	63,800	-
Bond premium	-	-	-	6,416	-
Payment to refund bond escrow agent	-	-	-	-	-
Lease and SBITA financing	-	-	-	-	-
Transfers in	42,300	57,452	96,599	82,995	143,720
Transfers (out)	(49,958)	(65,462)	(99,972)	(86,774)	(147,212)
Total other financing sources (uses)	(5,708)	(5,116)	(1,552)	66,437	(3,492)
Net Change in fund balances	\$ 37,676	\$ 85,326	\$ 66,064	\$ 163,468	\$ 84,806
Debt service as a percentage of noncapital expenditures	6.1%	4.3%	2.8%	3.5%	3.0%

(1) Beginning the fiscal year ended June 30, 2017, the City reclassified Developer fees & contributions from various line items. The City elected not to reclassify prior years' balances.

Schedule 4

Fiscal Year Ended June 30,				
2021	2022	2023	2024	2025
\$ 160,404	\$ 182,055	\$ 197,855	\$ 204,770	\$ 219,815
12,521	11,867	11,835	11,044	11,136
312	316	506	506	746
22,833	18,359	54,272	86,615	98,352
8,251	22,079	16,470	18,321	10,868
27,642	32,495	32,864	27,755	27,823
45,890	85,585	29,559	6,399	2,915
7,509	15,448	7,487	9,409	7,800
285,362	368,204	350,848	364,819	379,455
49,541	53,605	55,564	65,138	70,043
71,579	75,243	78,556	83,768	90,385
18,548	21,245	23,339	23,429	25,311
16,828	17,981	21,305	18,413	19,715
27,192	30,584	33,219	35,918	40,397
29,699	74,108	93,942	56,721	66,931
1,997	2,135	2,403	3,039	3,293
4,437	4,439	4,599	4,172	4,203
219,821	279,340	312,927	290,598	320,278
65,541	88,864	37,921	74,221	59,177
-	-	-	-	-
-	-	21,565	-	-
-	-	-	-	-
-	-	(21,100)	-	-
-	6,549	4,790	474	5,407
58,910	114,413	131,160	131,943	98,042
(62,041)	(108,553)	(136,835)	(136,594)	(101,760)
(3,131)	12,409	(420)	(4,177)	1,689
\$ 62,410	\$ 101,273	\$ 37,501	\$ 70,044	\$ 60,866
3.3%	3.0%	3.0%	3.0%	2.9%

; revenue

CITY OF MOUNTAIN VIEW, CALIFORNIA

Assessed Value of Taxable Property

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Real Property			
	Residential Property	Commercial Property	Industrial Property	Other
2015-16	\$ 12,697,503	\$ 3,633,892	\$ 3,381,658	\$ 1,016,306
2016-17	14,015,191	4,794,158	3,420,298	1,125,702
2017-18	15,613,793	5,376,731	3,676,616	1,072,122
2018-19	16,641,242	6,027,299	3,944,104	1,087,814
2019-20	18,323,758	6,408,156	4,373,020	1,386,810
2020-21	20,011,424	6,971,532	4,498,546	1,936,547
2021-22	21,255,921	7,778,649	4,680,879	2,537,478
2022-23	23,103,147	8,136,153	5,125,851	3,454,199
2023-24	24,560,282	8,893,367	5,488,294	3,771,063
2024-25	26,642,137	9,551,259	5,852,661	3,739,636

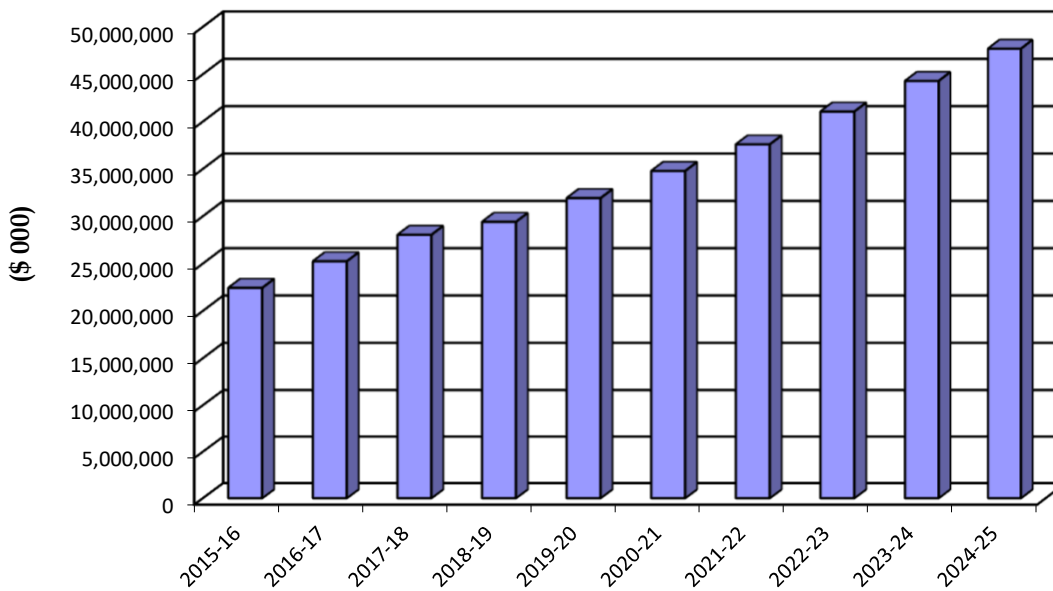
Source: Santa Clara County Assessor

Note: Actual property value data not available in California.

- (1) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1 percent and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Mountain View encompasses more than 15 tax rate areas.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Total Taxable Assessed Value



Unsecured	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)
\$ 2,689,859	\$ (993,411)	\$ 22,425,807	1.00%
2,972,482	(1,094,913)	25,232,918	1.00%
3,437,332	(1,145,258)	28,031,336	1.00%
2,830,453	(1,125,615)	29,405,297	1.00%
2,816,506	(1,400,344)	31,907,906	1.00%
2,969,624	(1,611,881)	34,775,792	1.00%
2,815,937	(1,487,266)	37,581,597	1.00%
2,873,920	(1,643,803)	41,049,467	1.00%
3,220,524	(1,650,242)	44,283,288	1.00%
3,807,327	(1,993,586)	47,687,355	1.00%

CITY OF MOUNTAIN VIEW, CALIFORNIA

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years
(Rate per \$100 of assessed value)

Fiscal Year	City Direct Rates		Overlapping Rates (1)						Total Direct and Overlapping	
	Basic Rate (2)	Total Direct	County of Santa Clara		School Districts		Hospitals	Special Districts		
2015-16	1.00	1.00	0.0476	0.0476	0.0632	0.1174	0.0129	0.0065	1.1173	1.1844
2016-17	1.00	1.00	0.0474	0.0474	0.0772	0.0943	0.0129	0.0092	1.1338	1.1638
2017-18	1.00	1.00	0.0597	0.0597	0.0737	0.1052	0.0100	0.0071	1.1405	1.1820
2018-19	1.00	1.00	0.0565	0.0565	0.1015	0.1259	0.0100	0.0060	1.1640	1.1984
2019-20	1.00	1.00	0.0557	0.0557	0.0962	0.1158	0.0100	0.0057	1.1576	1.1872
2020-21	1.00	1.00	0.0457	0.0457	0.1110	0.1578	0.0100	0.0052	1.1619	1.2187
2021-22	1.00	1.00	0.0576	0.0576	0.1015	0.1392	0.0100	0.0066	1.1657	1.2134
2022-23	1.00	1.00	0.0559	0.0559	0.0854	0.1479	0.0090	0.0057	1.1470	1.2185
2023-24	1.00	1.00	0.0538	0.0538	0.0783	0.1259	0.0050	0.0053	1.1374	1.1900
2024-25	1.00	1.00	0.0486	0.0486	0.0769	0.1340	0.0020	0.0054	1.1309	1.1900

Source: County of Santa Clara

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Mountain View. Not all overlapping rates apply to all Mountain View property owners. These are voter approved levies in addition to the 1 percent State levy.

(2) The City's share of the basic state wide property tax rate can only be increased by a 2/3 vote of the City's residents.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Principal Property Tax Payers

Current Year and Nine Years Ago
(Dollars in Thousands)

Taxpayer	Fiscal Year 2024-25			Fiscal Year 2015-16		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Google LLC	\$ 8,493,793	1	17.8%	\$ 3,036,853	1	13.5%
Baccarat Shoreline LLC	708,842	2	1.5%	188,422	3	0.8%
Sobrato Interests	497,582	3	1.0%	-	-	-
Microsoft Corporation	261,595	4	0.5%	80,831	7	0.4%
Nor Cal Plymouth Realty LLC	234,681	5	0.5%	-	-	-
Intuit Inc.	546,786	6	1.1%	135,371	6	0.6%
P A Charleston Road LLC	124,938	7	0.3%	106,034	5	0.5%
Del Rey Investment	122,100	8	0.3%	-	-	0.0%
Orion V Sac Village Office Property LLC	669,092	9	1.4%	-	-	-
IL SH Hotel LLC	85,239	10	0.2%	-	-	-
HCP Life Science REIT Inc.	-	-	-	347,804	2	1.6%
Richard T. Peery Trustee	-	-	-	138,079	4	0.6%
Richard M. & Beverly J. Salado Trustee	-	-	-	78,908	8	0.4%
LinkedIn Corporation	-	-	-	56,027	9	0.2%
Murphy Road Apartments - San Jose LP	-	-	-	49,069	10	0.2%
Subtotal	\$ <u>11,744,648</u>		<u>24.6%</u>	\$ <u>4,217,398</u>		<u>18.8%</u>

Fiscal Year 2024-25 Total Net Assessed Valuation: \$ 47,687,355

Fiscal Year 2015-16 Total Net Assessed Valuation: \$ 22,425,807

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls.

Ranking based on Tax Revenue.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years
(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Taxes Levied (1)</u>	<u>Current Collections (2)</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected</u>	<u>Percent of Levy</u>
2015-16	\$ 71,563	\$ 71,563	100%	-	\$ 71,563	100%
2016-17	86,373	86,373	100%	-	86,373	100%
2017-18	92,478	92,478	100%	-	92,478	100%
2018-19	95,420	95,420	100%	-	95,420	100%
2019-20	107,192	107,192	100%	-	107,192	100%
2020-21	119,678	119,678	100%	-	119,678	100%
2021-22	128,861	128,861	100%	-	128,861	100%
2022-23	143,153	143,153	100%	-	143,153	100%
2023-24	153,598	153,598	100%	-	153,598	100%
2024-25	164,321	164,321	100%	-	164,321	100%

Source: City of Mountain View

(1) Levies include real and personal property. Amount excludes Special Assessments and the penalties and fees on delinquent Special Assessments.

(2) The City selected to participate in the "Teeter" plan offered by the County whereby cities receive 100 percent of the taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The "Teeter" plan does not apply to Special Assessment Districts.

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CITY OF MOUNTAIN VIEW, CALIFORNIA

Ratio of Outstanding Debt by Type

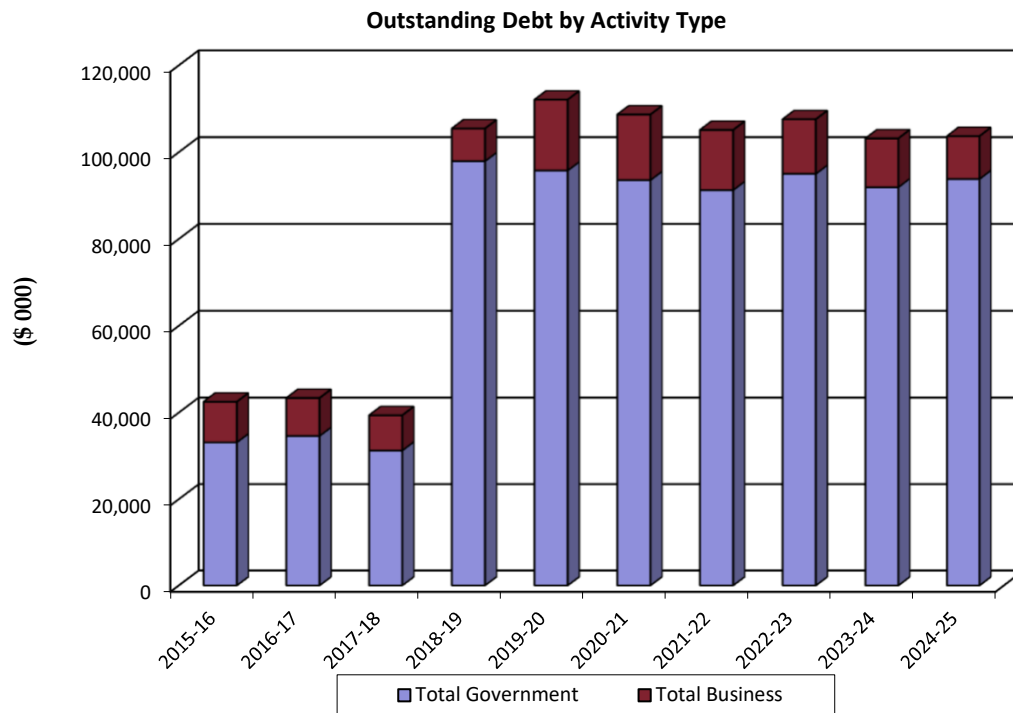
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Governmental Activities					
	Tax Allocation Bonds	Certificates of Participation	Bank Loan	Lease Liabilities	SBITA Liabilities	Special Assessment Debt
2015-16	\$ 32,955	\$ -	\$ 6,265	\$ -	\$ -	\$ 174
2016-17	31,290	-	3,187	-	-	134
2017-18	29,555	-	1,607	-	-	95
2018-19	97,863 (3)	-	-	-	-	49
2019-20	95,756	-	-	-	-	12
2020-21	93,554	-	-	-	-	-
2021-22	91,252	-	-	6,499	-	-
2022-23	89,885	-	-	3,817	1,308 (4)	-
2023-24	87,574	-	-	3,946	395	-
2024-25	85,497	-	-	3,367	4,948	-

Sources: City of Mountain View
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

- (1) Includes the City of Palo Alto Loan. See Note 7 for additional information.
(2) See Schedule 14 (Demographic Statistics) for personal income and population data.
(3) Includes 2018 SRPC Revenue Bonds, Series A and Series B (2018 Bonds).
(4) Fiscal Year 2022-23 restated to include SBITA liabilities.
(5) Personal income data for Fiscal Year 2024-25 is not available until May of 2026.

CITY OF MOUNTAIN VIEW, CALIFORNIA



Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
Water Bonds (1)	WasteWater Direct Financing			
\$ 9,355	\$ -	\$ 48,749	0.76%	0.61
8,740	-	43,351	0.59%	0.54
8,110	-	39,367	0.49%	0.49
7,470	59	105,441	1.21%	1.30
6,810	9,521	112,099	1.17%	1.36
6,135	8,979	108,668	1.13%	1.31
5,445	8,419	111,615	0.96%	1.33
4,735	7,840	107,585	0.88%	1.27
4,005	7,241	103,161	0.79%	1.19
3,250	6,622	103,684	(5)	1.20

CITY OF MOUNTAIN VIEW, CALIFORNIA

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	Per Capita (1)
	Tax Allocation Bonds	Total		
2015-16	\$ 32,955	\$ 32,955	0.15%	0.41
2016-17	31,290	31,290	0.12%	0.39
2017-18	29,555	29,555	0.11%	0.37
2018-19	97,863 (2)	97,863	0.33%	1.21
2019-20	95,756	95,756	0.30%	1.16
2020-21	93,554	93,554	0.27%	1.13
2021-22	91,252	91,252	0.24%	1.09
2022-23	89,885	89,885	0.22%	1.06
2023-24	87,574	87,574	0.20%	1.01
2024-25	85,497	85,497	0.18%	0.99

(1) Per capita numbers are restated as updated population numbers are available.

(2) Total bonds outstanding increased due to issuance of 2018 SRPC Revenue Bonds, Series A and Series B.

Schedule 11

CITY OF MOUNTAIN VIEW, CALIFORNIA Direct and Overlapping Governmental Activities Debt As of June 30, 2025

2024-25 Assessed Valuation: \$47,687,354,998 (A)

	Total Debt 6/30/25	% Applicable (1)	City's Share of Debt 6/30/25
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Santa Clara County	\$ 1,217,905,000	6.857%	\$ 83,511,746
Foothill-DeAnza Community College District	592,800,578	19.271	114,238,599
Fremont Union High School District	717,450,088	0.433	3,106,559
Mountain View-Los Altos Union High School District	245,162,900	59.074	144,827,532
Los Altos School District	128,450,000	17.624	22,638,028
Sunnyvale School District	363,305,820	0.937	3,404,176
Mountain View-Whisman School District	415,490,000	91.791	381,382,426
Whisman School District	1,421,091	98.599	1,401,182
El Camino Hospital District	98,789,066	33.617	33,209,920
Midpeninsula Regional Open Space District	114,920,000	11.154	12,818,177
Shoreline Regional Park Community	80,490,000	100.000	80,490,000
Santa Clara Valley Water District Benefit Assessment District	24,940,000	6.857	<u>1,710,136</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$882,738,481
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Santa Clara County General Fund Obligations	\$ 1,002,458,930	6.857%	\$ 68,738,609
Santa Clara County Pension Obligation Bonds	317,654,990	6.857	21,781,603
Santa Clara County Board of Education Certificates of Participation	12,072,417	6.857	827,806
Mountain View-Los Altos Union High School District General Fund Obligations	1,085,000	59.074	640,953
Los Altos School District Certificates of Participation	911,776	17.624	160,691
City of Mountain View	-	100.000	-
Midpeninsula Regional Park District General Fund Obligations	74,065,600	11.154	<u>8,261,277</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$100,410,939
Less: Santa Clara County supported obligations			<u>165,939</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$100,245,000
TOTAL DIRECT DEBT			\$93,811,026 (2) (3)
TOTAL GROSS OVERLAPPING DEBT			\$983,149,420
TOTAL NET OVERLAPPING DEBT			\$982,983,481
GROSS COMBINED TOTAL DEBT			\$988,155,447 (3) (4)
NET COMBINED TOTAL DEBT			\$987,989,508 (3) (4)

- (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) Includes unamortized premium of \$5,006,027 for direct debt.
- (3) Includes lease and SBITA liabilities.
- (4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....	1.85%
Total Direct Debt (\$0).....	0.20%
Gross Combined Total Debt.....	2.07%
Net Combined Total Debt	2.07%

Source: California Municipal Statistics, Inc.

(A)The assessed valuation number provided by Santa Clara County Assessor.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Legal Debt Margin Information

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year			
	2015-16	2016-17	2017-18	2018-19
Debt limit	\$ 3,363,871	\$ 3,784,938	\$ 4,204,700	\$ 4,410,795
Total net debt applicable to limit	-	-	-	-
Legal debt margin	<u>\$ 3,363,871</u>	<u>\$ 3,784,938</u>	<u>\$ 4,204,700</u>	<u>\$ 4,410,795</u>
Total net debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%

(1) Source: Santa Clara County Assessor.

(2) The legal debt margin for the City of Mountain View, California, is calculated using a debt limit of 15 percent of the assessed value of property within the city limits.

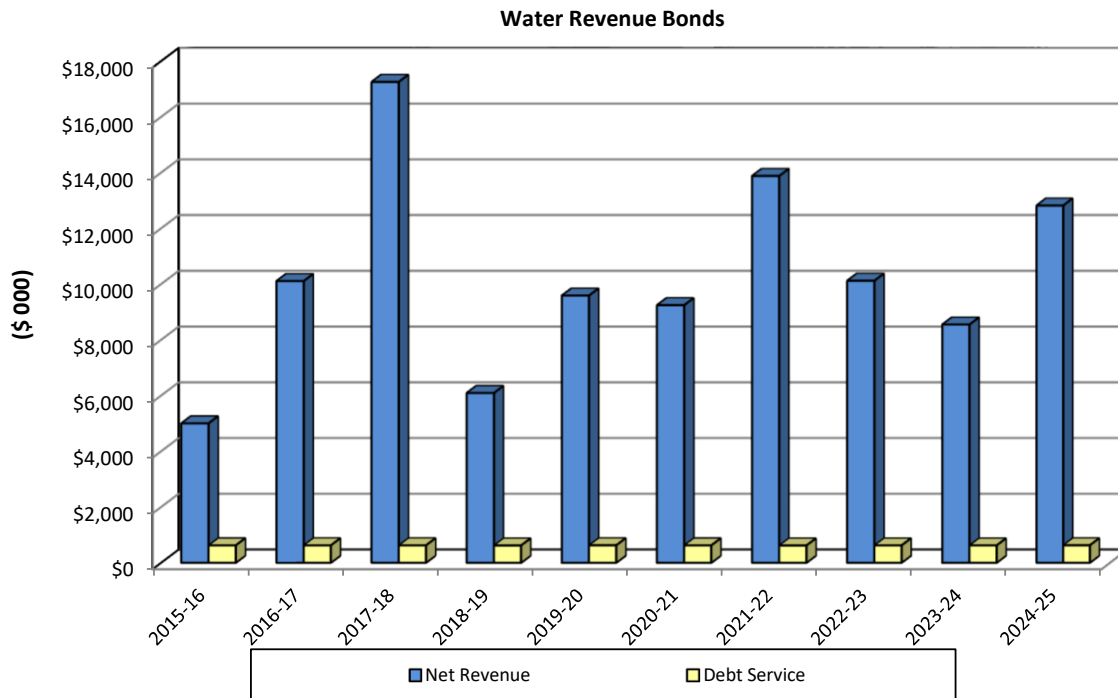
Legal Debt Margin Calculation for Fiscal Year 2024-25

Assessed value (net) - June 30, 2025 (1)	\$ <u>47,687,355</u>
Debt limit: 15% of assessed value	\$ 7,153,103
Less total bonded debt, general obligation	<u>-</u>
Legal debt margin (2)	\$ <u>7,153,103</u>

Fiscal Year					
<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
\$ 4,786,186	\$ 5,216,369	\$ 5,637,240	\$ 6,157,420	\$ 6,642,493	\$ 7,153,103
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,786,186</u>	<u>\$ 5,216,369</u>	<u>\$ 5,637,240</u>	<u>\$ 6,157,420</u>	<u>\$ 6,642,493</u>	<u>\$ 7,153,103</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Water Revenue Bonds						
Fiscal Year	Gross Revenues (1)	Less: Operating Costs (2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2015-16	\$ 28,479	\$ 23,472	\$ 5,007	\$ 350	\$ 277	8.0
2016-17	36,005	25,894	10,111	365	263	16.1
2017-18	48,005	30,746	17,259	380	248	27.5
2018-19	37,520	31,425	6,095	390	234	9.8
2019-20	42,135	32,544	9,591	410	219	15.2
2020-21	40,978	31,733	9,245	425	202	14.7
2021-22	41,390	27,507	13,883	440	184	22.2
2022-23	40,246	30,123	10,123	460	166	16.2
2023-24	46,714	38,163	8,551	480	146	13.7
2024-25	50,865	38,043	12,822	505	124	20.4

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Gross revenues include developer capital contribution fees, non-operating interest earnings and transfers in.

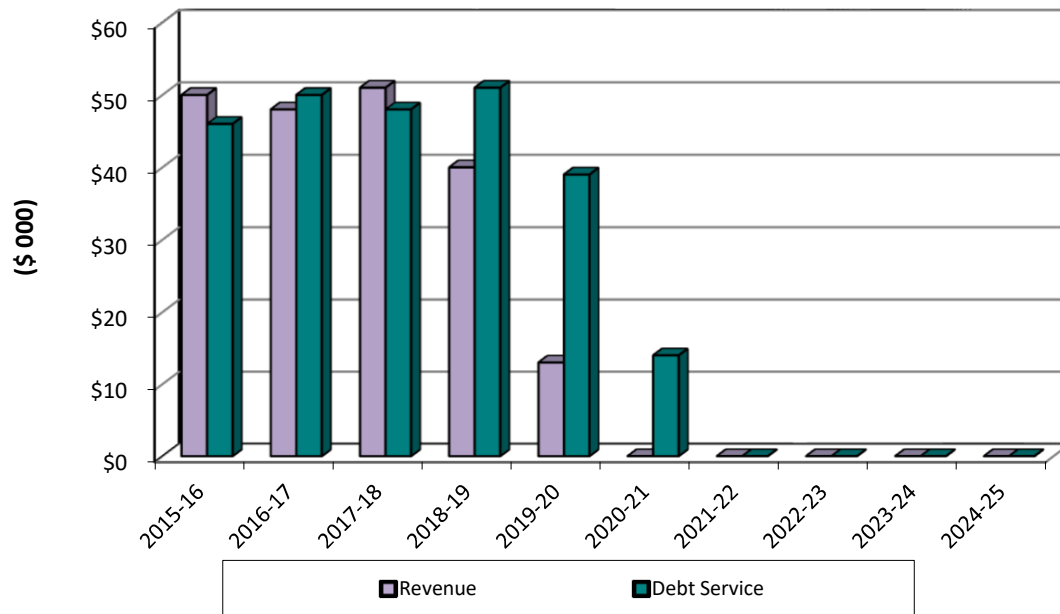
(2) Operating costs exclude depreciation or amortization.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Special Assessment Bonds



Special Assessment Bonds						
Fiscal Year	Special Assessment Collections (1)	Debt Service			Coverage	
		Principal	Interest			
2015-16	\$ 50	\$ 34	\$ 12		1.1	
2016-17	48	39	11		1.0	
2017-18	51	40	8		1.1	
2018-19	40	46	5		0.8	
2019-20	13	37	2		0.3	
2020-21	-	12	2		-	
2021-22	-	-	-		-	
2022-23	-	-	-		-	
2023-24	-	-	-		-	
2024-25	-	-	-		-	

Note: Current fiscal year debt service is paid from prior year collections.

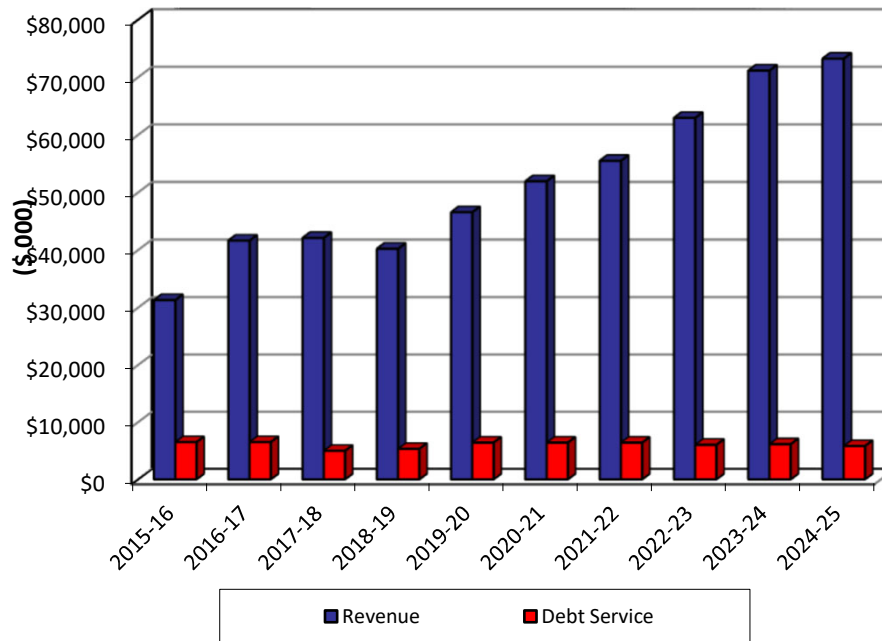
(1) Collections include interest payments from property owners.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Revenue Bonds - Shoreline Regional Park Community



Revenue Bonds-Shoreline Regional Park Community				
Fiscal Year	Tax		Debt Service	
	Increment Revenues	Principal	Interest (1)	Coverage
2015-16	\$ 31,304	\$ 4,623	\$ 1,884	4.8
2016-17	41,635	4,743	1,771	6.4
2017-18	42,100	3,315	1,665	8.5
2018-19	40,219	3,407	1,917	7.6
2019-20	46,565	1,890	4,531	7.3
2020-21	51,943	1,985	4,435	8.1
2021-22	55,486	2,085	4,333	8.6
2022-23	62,947	1,615	4,422	10.4
2023-24	71,154	2,095	4,048	11.6
2024-25	73,235	1,860	3,964	12.6

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

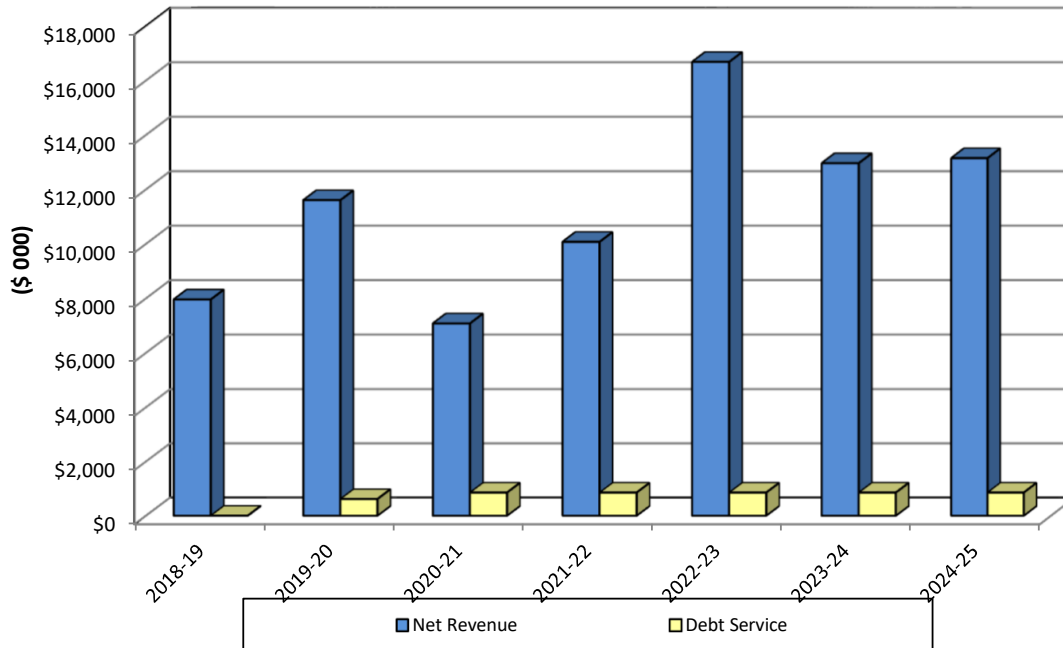
(1) Includes other fiscal charges and other related costs.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Debt Pledged-Revenue Coverage

Last Ten Fiscal Years
(Dollars in Thousands)

Wastewater Direct Financing Arrangement



Wastewater Direct Financing Arrangement

Fiscal Year		Gross Revenues (2)	Less: Operating Costs (3)	Net Available Revenues	Debt Service		Coverage
					Principal	Interest	
2018-19	(1)	\$ 25,394	\$ 17,434	\$ 7,960	\$ -	\$ 1	7,960.0
2019-20		29,452	17,847	11,605	579	35	18.9
2020-21		26,380	19,300	7,080	542	311	8.3
2021-22		29,147	19,073	10,074	560	292	11.8
2022-23		35,456	18,774	16,682	579	273	19.5
2023-24		36,951	23,988	12,963	599	253	15.2
2024-25		38,763	25,615	13,148	619	233	15.4

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Fiscal Year 2018-19 was the first year of the Wastewater debt, therefore, only seven years of information is presented.

(2) Gross revenues include developer capital contribution fees, non-operating interest earnings, and transfers in.

(3) Operating costs exclude depreciation or amortization.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Demographic Statistics

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Population (1)	Population Density (Sq. Mile) (2)	Personal Income (3)	Per Capita Personal Income (3)	School Enrollment	Unemployment Rate (%) (3)
2015-16	79,429	6,511	6,433,749	81	7,577	4.0%
2016-17	79,966	6,555	7,356,872	92	7,620	3.5%
2017-18	80,104	6,566	8,010,400	100	7,678	2.9%
2018-19	80,986	6,638	8,746,488	108	7,719	2.6%
2019-20	82,376	6,752	9,555,616	116	7,511	9.3%
2020-21	83,128	6,814	10,307,872	124	7,427	4.8%
2021-22	83,856	6,818	11,655,984	139	7,294	2.3%
2022-23	84,463	6,867	12,078,209	143	7,146	3.9%
2023-24	86,535	7,035	13,066,785	151	7,212	4.4%
2024-25	86,513	7,034	(4)	(4)	7,274	4.8%

Sources: Santa Clara County Office of Education.
State of California, Department of Finance.
U.S. Census Bureau.

(1) Population numbers are provisional estimates as of January 1st, revised annually.

(2) Population Density per square mile calculations are restated from 12.2 to 12.3 square miles starting Fiscal Year 2021-22.

(3) Per capita personal income and unemployment rate are for Santa Clara County.

Personal income is the product of the countywide per capita amount and the City's population.

(4) Personal income data for Fiscal Year 2024-25 is not available until May of 2026.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Principal Employers

Current Year and Nine Years Ago

Employer	Fiscal Year 2024-25			Fiscal Year 2015-16		
	Estimated Number of Employees	Rank	Percentage of Total City Employment	Estimated Number of Employees	Rank	Percentage of Total City Employment
Google LLC	23,100	1	19.1%	19,711	1	17.1%
El Camino Health	3,400	2	2.8%	1,273	5	1.1%
Intuit Inc.	3,400	3	2.8%	1,287	4	1.1%
Microsoft Corporation	3,000	4	2.5%	1,668	3	1.5%
LinkedIn Corporation	2,500	5	2.1%	2,018	2	1.8%
Waymo LLC	1,700	6	1.4%	-		-
Palo Alto Medical Foundation	1,000	7	0.8%	-		-
Mountain View Whisman School District	600	8	0.5%	-		-
Bytedance	560	9	0.5%	-		-
Nuro, Inc.	500	10	0.4%	-		-
Samsung Research American Inc.	-		-	1,085	6	0.9%
Synopsys, Inc.	-		-	1,031	7	0.9%
Pure Storage	-		-	900	8	0.8%
Veritas Technologies	-		-	801	9	0.7%
City of Mountain View	-		-	596	10	0.5%
Subtotal	<u>39,760</u>		<u>32.9%</u>	<u>30,370</u>		<u>26.3%</u>
Total City Daytime Population	120,900			115,000		

Sources: City of Mountain View Business License Data
Silicon Valley Business Journal
Company Representatives

CITY OF MOUNTAIN VIEW, CALIFORNIA
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

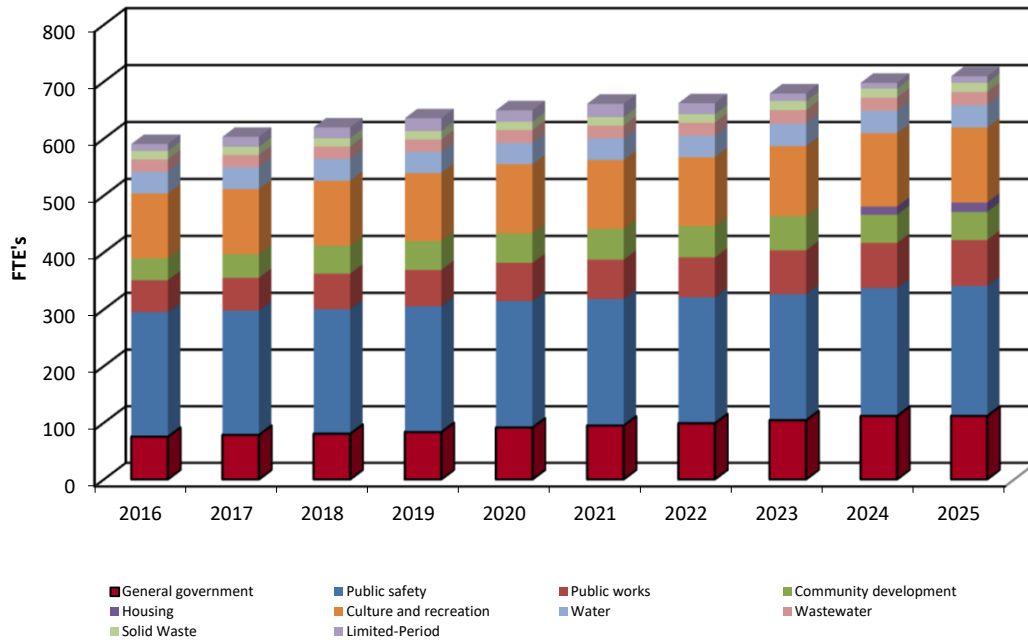
	Adopted for Fiscal Year Ended June 30,			
	2016	2017	2018	2019
Function				
General government	75.40	78.65	80.65	83.65
Public safety:				
Fire:				
Firefighters and Safety Officers	74.00	74.00	73.00	73.00
Civilians	5.60	4.60	5.60	7.60
Police:				
Sworn Police	96.00	95.00	95.00	95.00
Civilians	44.00	45.50	46.00	46.00
Public works	56.20	57.70	62.40	63.90
Community development	38.75	41.75	49.00	51.00
Housing	-	-	-	-
Culture and recreation:				
Community Services	83.75	84.25	84.50	88.50
Library	30.00	29.75	29.75	30.75
Water	38.25	38.25	38.35	37.35
Wastewater	21.60	21.60	21.70	21.70
Solid Waste	14.70	14.70	14.80	14.80
Total Regular Positions	578.25	585.75	600.75	613.25
Limited-Period Positions	12.25	17.50	19.00	22.50
Total	590.50	603.25	619.75	635.75

Source: City of Mountain View

(1) New department established in FY 2023-24. FY 2023-24 FTE includes transfer of 13.5 positions from the Community Development Department and a newly added position.

CITY OF MOUNTAIN VIEW, CALIFORNIA

Employees by Function



Adopted for Fiscal Year Ended June 30,

2020	2021	2022	2023	2024	2025
91.65	95.15	99.15	104.60	112.10	112.10
71.00	71.00	71.00	71.00	71.00	74.00
8.60	8.60	8.60	8.60	10.60	10.60
96.00	96.00	95.00	95.00	96.00	96.00
47.50	47.50	47.50	47.50	47.50	48.50
66.90	68.90	69.90	77.00	79.50	80.50
52.00	54.00	55.00	60.00	49.50	49.50
-	-	-	-	14.50 (1)	16.50
90.50	90.50	90.50	91.25	96.25	99.25
30.75	30.75	30.75	31.75	32.25	32.25
37.35	37.85	37.85	39.70	39.70	39.70
22.70	22.70	22.70	23.50	23.00	23.00
14.80	14.80	14.80	16.10	16.10	16.10
629.75	637.75	642.75	666.00	688.00	698.00
20.00	23.50	19.50	13.25	10.00	11.50
649.75	661.25	662.25	679.25	698.00	709.50

CITY OF MOUNTAIN VIEW, CALIFORNIA
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2016	2017	2018	2019
Public safety:				
Fire:				
Fire calls for service	5,955	6,117	6,049	6,188
Primary fire inspections conducted	2,844 (2)	1,972 (3)	1,520	2,262
Environmental safety inspections conducted	1,641	1,572	1,613	1,363
Police:				
Communication Center calls answered	91,826	91,782	92,011	83,400
Police calls for service	48,875 (4)	48,515	44,188	44,725
Law violations:				
Part I and Part II crimes	4,901	4,689	4,914	5,335
Physical arrests (adult and juvenile)	1,978	2,218	2,119	1,970
Traffic violations	11,821	8,233	3,563	4,270
Parking violations	6,733	8,149	12,506	12,144
Public works				
Street resurfacing (miles)	2.40	6.80	2.97	3.93
Potholes repaired (square feet)	1,800	3,271	1,071	3,724
Culture and recreation:				
Community Services:				
Recreation class participants	8,697	8,412	8,501	9,023
Performing Arts Center performances	399	437	555	504
Library:				
Volumes in Collection (thousands)	326	329	302	308
Total Volumes Borrowed (thousands)	1,416	1,339	1,177	1,253
Water				
Water service connections	17,516	18,004	18,199	18,341
Water main breaks	5	10	2	8
Average daily consumption (thousands of gallons)	6,917	7,807	8,395	8,341
Wastewater				
Storm drain inlets	3,030	3,086	3,086	3,086
Sewer service connections	16,906 (7)	16,906	16,863 (8)	16,990
Sewer main blockages	4	3	6	6
Average daily treatment (thousands of gallons)	6,235	6,285	7,005	7,295
Solid Waste				
Landfilled (tons per year)	40,961	40,092	41,320	47,578
Recyclables Processed (tons per year)	40,499	41,649	41,381	42,248

Source: City of Mountain View

- (1) Variance, unless otherwise noted, due to the COVID-19 public health crisis and Shelter-in-Place restrictions.
- (2) Beginning in the Fiscal Year ended June 30, 2016, includes total multi-family housing inspections completed by FEPD not previously accounted for.
- (3) Lower due to vacancy and turnover in personnel, resulting in reduced staffing.
- (4) For the Fiscal Year ended June 30, 2016, Police calls for service number is restated. Number of calls have decreased due to the different way the new CAD system records some activities.
- (5) Fiscal Year ended June 30, 2023 was restarted in Fiscal Year ended June 30, 2024 due to PD using a new records management software (RMS).
- (6) The City was unable to advertise and bid the surface project; therefore, street resurfacing project was delayed.
- (7) Methodology to estimate number of sewer connections changed to reflect more accurate count.
- (8) Fiscal Year ended June 30, 2018 was restated in Fiscal Year ended June 30, 2019 due to incorrect figures reflected for the year.
- (9) Includes curbside, multi-family, commercial and school recycling, yard waste, debris box recycling, MV Recycling Center, and recyclables recovered from refuse at the SMaRT station.

Schedule 17

Fiscal Year Ended June 30,					
2020 (1)	2021 (1)	2022 (1)	2023	2024	2025
6,120	5,604	6,741	7,979	7,820	7,672
2,498	1,401	1,321	1,288	976	953
1,718	1,605	1,841	1,540	1,239	1,357
73,201	93,101	107,424	110,453	104,226	100,800
40,254	34,953	39,194	41,151	43,145	46,027
4,873	4,241	4,488	4,916 (5)	4,884	4,043
1,732	1,147	841	1,134 (5)	1,342	1,820
3,073	1,307	1,131	1,280	1,664	2,025
6,761	559	2,019	6,047	6,540	9,792
9.62	2.25	- (6)	- (6)	2.29	5.90
2,025	780	684	4,617	3,413	1,199
2,606	2,356	8,709	11,159	11,749	13,395
276	274	396	397	560	862
305	283	273	260	263	250
961	742	1,232	1,310	1,373	1,375
18,572	18,747	18,838	18,920	18,999	19,055
7	15	8	13	7	4
8,823	8,950	8,265	7,574	8,260	8,683
3,086	3,242	3,242	3,253	3,256	3,334
17,373	17,373	17,373	17,428	17,487	17,535
6	9	8	5	4	2
7,598	6,400	6,130	6,471	6,914	7,574
42,667 (9)	35,067	31,506	28,314	26,691	27,358
36,751	35,961	34,484	34,185	35,967	31,535

CITY OF MOUNTAIN VIEW, CALIFORNIA

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,			
	2016	2017	2018	2019
Public safety:				
Fire stations	5	5	5	5
Police stations	1	1	1	1
Police patrol units	38	38	38	38
Public works				
Miles of streets	140.2	140.2	140.2	140.1 (1)
Street lights	4,120	4,120	4,120	4,270
Traffic Signals	83	83	85	85
Culture and recreation:				
Community services:				
City parks (2)	42	42	42	42
City parks acreage (2)	212.32 (2)	212.32	212.32	212.32
Playgrounds (2)	30	30	30	30
City trails (2)	5	5	5	5
City trails miles (2)	9.26	9.26	9.71 (3)	9.71
Roadway landscaping acreage	120.25	120.25	120.25	120.25
Regional park acreage (including trails) (4)	784.13	784.13	784.13	784.13
Regional park facilities:				
Golf courses (18 holes)	1	1	1	1
Boathouse	1	1	1	1
Sailing lake acreage	50	50	50	50
Clubhouse and banquet facility	1	1	1	1
Historic Buildings	1	3 (5)	3	3
Community gardens	2	2	2	3
Community centers	1	1	1	1
Senior centers	1	1	1	1
Teen Center	0	1 (6)	1	1
Sports centers	2	2	2	2
Performing arts centers	1	1	1	1
Swimming pools	2	2	2	2
Tennis courts	35	35	35	35
Baseball/softball diamonds	8	8	8	8
Soccer/football fields	16	16	16	16
Library:				
City Libraries	1	1	1	1
Water				
Miles of water mains	176	177	188	188
Fire hydrants	2,118	2,118	2,136	2,136
Storage capacity (thousands of gallons)	38,530	38,530	38,530	38,530
Wastewater				
Miles of sanitary sewers	158	158	158	157 (7)
Miles of storm sewers	109	109	109	109
Treatment capacity (thousands of gallons) (8)	15,100	15,100	15,100	15,100

Source: City of Mountain View

- (1) The miles of streets are based on the certified report dated May 22, 2019 derived from the updated database.
- (2) Shoreline Athletic Fields converted 12 acres of Regional park acreage to City parks acreage in Fiscal Year ended June 30, 2016.
- (3) Additions of Permanente Creek Trail Rock St to Middlefield Rd and Hetch-Hetchy Trail between N Whisman Rd and Tyrella Ave.
- (4) Includes assets not owned by the City but maintained by the City.
- (5) Includes Adobe Building and Immigrant House beginning Fiscal Year ended June 30, 2017.
- (6) Reflects Teen Center as a separate category beginning Fiscal Year ended June 30, 2017.
- (7) The miles of sanitary sewers are updated based on correction by GIS due to mischaracterization.
- (8) The City of Mountain View owns treatment capacity at the Palo Alto Treatment Plant.

Schedule 18

Fiscal Year Ended June 30,					
2020	2021	2022	2023	2024	2025
5	5	5	5	5	5
1	1	1	1	1	1
38	38	38	38	38	38
140.1	140.1	140.1	140.1	140.1	140.1
4,270	4,270	4,270	4,270	4,270	4,305
86	87	88	91	92	92
42	42	44	44	45	46
212.32	212.59	215.80	215.80	216.30	216.99
30	33	35	35	36	38
5	5	5	5	5	5
9.71	9.71	9.71	9.71	9.71	9.71
120.25	120.25	120.25	120.25	120.25	120.25
784.13	784.13	784.13	784.13	784.13	784.13
1	1	1	1	1	1
1	1	1	1	1	1
50	50	50	50	50	50
1	1	1	1	1	1
3	3	3	3	3	3
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
35	35	35	35	35	35
8	8	8	8	8	8
16	16	16	16	16	16
1	1	1	1	1	1
188	188	188	188	188	190
2,136	2,117	2,117	2,118	2,126	2,206
38,530	38,530	38,530	38,530	38,530	38,530
157	157	157	157	157	157
109	114	114	114	114	117
15,100	15,100	15,100	15,100	15,100	15,100

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Mountain View Shoreline Regional Park Community

A Component Unit of the City of
Mountain View, California

Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

Prepared by:
Finance and Administrative Services Department

Mountain View Shoreline Regional Park Community

Annual Financial Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of the Mountain View Shoreline Regional Park Community
Mountain View, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Shoreline Community's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Shoreline Community, as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the Shoreline Regional Park Community Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shoreline Community 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.

Responsibilities of Management for the Financial Statements

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Shoreline Community'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 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, 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 Shoreline Community'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 Shoreline Community'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 management's discussion and analysis and the required pension and OPEB schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

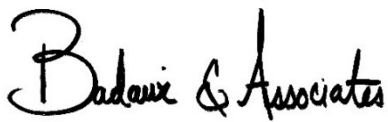
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shoreline Community's basic financial statements. The Shoreline Regional Park Community Fund combining fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Shoreline Regional Park Community Fund combining fund statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Shoreline Regional Park Community Fund combining fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors
of the Mountain View Shoreline Regional Park Community
Mountain View, California
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025 on our consideration of the Shoreline Community's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Shoreline Community's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Emeryville, California
December 9, 2025

**Mountain View Shoreline Regional Park Community
Management's Discussion and Analysis (MD&A) (Unaudited)
for the Fiscal Year Ended June 30, 2025**

This section of the Mountain View Shoreline Regional Park Community's (Shoreline Community or SRPC) basic financial statements presents a narrative overview and analysis of the financial activities of the Shoreline Community for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements and our transmittal letter for the financial statements of the City of Mountain View (City).

FINANCIAL HIGHLIGHTS

The Shoreline Community's principal revenue source is property taxes, which have historically fluctuated due to economic conditions that have resulted in changes in the commercial vacancy rate and assessed values. For Fiscal Year 2024-25, property taxes increased by \$2.1 million or 2.9%. Fiscal Year 2024-25 financial highlights include the following:

- The Shoreline Community's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources for the fiscal year ended June 30, 2025 by \$155.7 million (net position). Of this amount, \$38.9 million reflects its net investment in capital assets, \$117.1 million is restricted for Shoreline Community indebtedness, and negative \$210,000 is unrestricted.
- The Shoreline Community's total net position increased by \$30.9 million during the fiscal year compared to the prior fiscal year increase of \$26.2 million. The change is primarily due to a \$6.7 million increase in capital contributions, \$2.1 million increase in property revenues and a \$1.5 million rise in investment earnings.
- Revenues of \$94.4 million, including program revenues and general revenues, excluding net transfers, are \$10.4 million more than the prior fiscal year. The change is primarily due to the same reasons stated above.
- Shoreline Community expenses are \$42.0 million, an increase of \$2.7 million over the prior fiscal year.
- Governmental fund balances for the fiscal year ended June 30, 2025 increased \$20.2 million to \$135.5 million, primarily due to higher property tax revenues and an excess of revenues over expenditures.
- Governmental fund revenues are \$82.6 million for the fiscal year ended June 30, 2025, an increase of \$3.7 million from the prior fiscal year, primarily due to higher property tax revenues and higher investment earnings, as mentioned before.

- Governmental fund expenditures are \$40.3 million for the fiscal year ended June 30, 2025, an increase of \$2.9 million from the prior fiscal year's expenditures of \$37.4 million.
- The Shoreline Community's total noncurrent liabilities decreased by \$2.1 million compared with the prior fiscal year, primarily due to the annual principal payment of bonds.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Shoreline Community's component unit basic financial statements. The Shoreline Community's component unit basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains required and other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Shoreline Community's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Shoreline Community's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Shoreline Community is improving or deteriorating.

The Statement of Activities presents information showing how the Shoreline Community's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Shoreline Community, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Shoreline Community's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Shoreline Community has three individual governmental funds. Information 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 SRPC Fund, SRPC 2018 Revenue Bonds Fund, and SRPC 2022 Revenue Bonds Fund, all of which are reported as major funds.

The Shoreline Community adopts an annual appropriated budget for the SRPC Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with budget.

Notes to Basic 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.

Other

Required Supplementary Information includes schedules required to be presented showing information related to the SRPC's cost-sharing arrangement with the City's pension and other postemployment benefits (OPEB) plans.

Other Supplementary Information includes the Combining Statements of the SRPC Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Shoreline Community has presented its financial statements under the reporting model required accounting principles generally accepted in the United States of America. Two years of financial information and a comparative analysis of government-wide data are included in this MD&A.

Analysis of Net Position

A summary of the Shoreline Community's net position is as follows:

	2025	2024
Assets:		
Current and other assets	\$ 142,286	\$ 121,805
Capital assets	110,601	102,487
Total assets	252,887	224,292
Deferred outflows of resources:		
Pension items	1,617	2,116
OPEB items	1,587	44
Total deferred outflows of resources	3,204	2,160
Liabilities:		
Current and other liabilities	10,397	10,037
Noncurrent liabilities	83,557	85,714
Net pension liability	5,567	5,850
Net OPEB liability	518	44
Total liabilities	100,039	101,645
Deferred inflows of resources:		
Deferred inflows related to pension	325	29
Net Position:		
Net investment in capital assets	38,884	25,838
Restricted for Shoreline Community indebtedness	117,053	100,585
Unrestricted	(210)	(1,645)
Total net position	\$ 155,727	\$ 124,778

As noted earlier, net position may serve as a useful indicator of a government's financial position. For the Shoreline Community, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$155.7 million at the end of the fiscal year. The components of net position are as follows:

- Net investment in capital assets was \$38.9 million, which was an increase of \$13.1 million compared to the prior fiscal year. This increase was mainly due to increased capital assets and decreased debt outstanding during the current fiscal year.
- Another significant component of the Shoreline Community's net position is \$117.1 million in Restricted for Shoreline Community Indebtedness, which may be used to meet the Shoreline Community's current and future obligations. The balance increased by \$16.5 million from the prior fiscal year.

The Shoreline Community's current and other assets increased \$20.5 million, mainly due to an increase in cash and restricted cash. The net position increased by \$30.9 million compared to the prior fiscal year, primarily due to revenues exceeding expenses by \$53.1 million partially offset by net transfers out to the City totaling \$22.2 million.

Statement of Activities

A summary of the Shoreline Community's changes in net position is as follows:

Condensed Statement of Activities (Dollars in Thousands)

	<u>2025</u>	<u>2024</u>
Revenues:		
Program revenues	\$ 573	\$ 498
General revenues:		
Taxes	73,235	71,154
Capital contributions	11,802	5,063
Investment income	<u>8,810</u>	<u>7,288</u>
Total revenues	<u>94,420</u>	<u>84,003</u>
Expenses:		
General government	27,060	25,437
Public safety	172	133
Public works	2,657	2,219
Community development	302	517
Culture and recreation	7,390	7,143
Interest on long-term debt	<u>3,712</u>	<u>3,795</u>
Total expenses	<u>41,293</u>	<u>39,244</u>
Increase in net position before transfers	<u>53,127</u>	<u>44,759</u>
Transfers (net)	<u>(22,178)</u>	<u>(18,578)</u>
Change in net position	<u>30,949</u>	<u>26,181</u>
Beginning net position	124,778	98,597
Ending net position	<u>\$ 155,727</u>	<u>\$ 124,778</u>

The major component of the Shoreline Community's current fiscal year revenues is \$73.2 million of property taxes. This is an increase of \$2.1 million when compared to the prior fiscal year due to increases in assessed property values. Program revenues were \$573,000, remaining relatively consistent with the prior fiscal year. Capital contributions increased by \$6.7 million, primarily due to the \$3.5 million expenditure on the Fire Station 5 Classroom/Training Construction Project (CIP 20-35) in this fiscal year. Investment earnings were \$8.8 million, an increase of \$1.5 million compared to the prior fiscal year, driven by a rise in the fair market value of the investment portfolio and relatively high interest income due to elevated interest rates.

Expenses totaling \$41.3 million increased \$2.1 million when compared to the prior fiscal year. This was attributable primarily to increases in general government.

The change in net position is an increase of \$30.9 million compared to the prior fiscal year increase of \$26.2 million. The difference is due to the items mentioned above, notably the increases in property tax revenues and investment earnings.

FINANCIAL ANALYSIS OF THE SHORELINE COMMUNITY'S FUNDS

As noted earlier, the Shoreline Community uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Shoreline Community's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Shoreline Community's financing requirements.

As of June 30, 2025, the Shoreline Community's funds reported combined fund balances of \$135.5 million, an increase of \$20.2 million from the prior fiscal year. The Committed Fund Balance increased by \$845,000 while the Restricted Fund Balance increased by \$19.3 million when compared to the prior fiscal year. The increase in the Restricted Fund Balance is mainly due to higher property tax revenues, which exceed expenditures as previously noted.

Revenues for the fiscal year ended June 30, 2025 totaled \$82.6 million, an increase of \$3.7 million, or 4.7%, when compared to the prior fiscal year. The increase is primarily due to increases in property tax revenues and investment earnings during the fiscal year. Expenditures totaling \$40.3 million were \$2.9 million higher compared to the prior fiscal year.

The SRPC Fund receives tax revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. At the end of the fiscal year, its fund balance was \$129.4 million. As a measure of the SRPC Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 375.6% of the total fund expenditures of \$34.4 million.

The fund balance of the SRPC Fund increased by \$20.3 million during the current fiscal year. Key factors contributing to this increase are as follows:

- Total revenues are \$82.4 million in the current fiscal year, an increase of \$3.8 million from the prior fiscal year. The increase is primarily attributable to higher property tax revenues and unrealized gains on the investment portfolio.
- Expenditures for the year total \$34.4 million, representing an increase of \$3.2 million compared to the previous fiscal year. This rise is primarily attributable to higher contributions to the school districts, increased retirement override and pass-through payments to Santa Clara County, and rising salaries and benefits costs.
- The transfer out to the City, primarily for capital projects, remained consistent with the prior year. The transfer in from the City decreased by \$3.5 million, mainly due to fewer refunds from the General Capital Projects Fund for completed CIP projects in the current fiscal year compared to the prior year.

The SRPC 2018 Revenue Bonds Fund accounts for the resources used for the purpose of paying the principal, interest, and related costs on the SRPC 2018 Revenue Bonds as they become due.

Debt service expenditures included \$985,000 in principal retirement and \$3.0 million in interest and fiscal charges for the fiscal year ended June 30, 2025. Both the principal repayment and the interest charges are comparable to the prior fiscal year.

The SRPC 2022 Revenue Bonds Fund was created in Fiscal Year 2022-23 and accounts for the resources used for the purpose of paying the principal, interest, and related costs on the SRPC 2022 Revenue Bonds as they become due. Debt service expenditures included \$875,000 in principal retirement and \$968,000 in interest and fiscal charges for the fiscal year ended June 30, 2025. Both the principal repayment and the interest charges are moderately lower than the prior fiscal year.

CAPITAL ASSETS

A summary of Shoreline Community's capital assets is as follows:

Capital Assets (Dollars in Thousands)		
	2025	2024
Land	\$ 48,225	\$ 48,225
Construction in progress	33,555	24,017
Buildings	23,908	23,908
Improvements other than buildings	109,864	107,657
Machinery and equipment	2,452	2,331
Traffic signals	1,500	1,500
Streetlights	1,070	1,070
Less accumulated depreciation	(109,973)	(106,221)
Total	\$ 110,601	\$ 102,487

For the fiscal year ended June 30, 2025, capital assets, net of accumulated depreciation, totaled \$110.6 million, an increase of \$8.1 million compared to prior fiscal year. At June 30, 2025, construction commitments were \$4.7 million. Additional information about the Shoreline Community's capital assets is discussed in Note 6 to the Basic Financial Statements.

DEBT ADMINISTRATION

As of June 30, 2025, the Shoreline Community has \$85.5 million of outstanding noncurrent liabilities. During the fiscal year, the Shoreline Community's total long-term debt decreased by \$2.1 million compared with the prior fiscal year, primarily due to the scheduled principal retirement of \$2.1 million. Standard & Poor's (S&P) raised the Shoreline Community's underlying credit rating from "A" to "A+" in November 2018. The Shoreline Community's noncurrent liabilities are discussed in Note 7 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Property taxes for the Shoreline Community are expected to increase moderately for the upcoming fiscal year, compared to the July 1, 2024 tax roll, due to the 2.0 CCPI applied to secured property. Property values are rising due to the high development demand in the community, but there are also pending appeals filed by owners of property in the Shoreline Community that could impact future property tax revenues if successful.

REQUESTS FOR INFORMATION

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Shoreline Community's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or FinanceAdmin@mountainview.gov.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Mountain View Shoreline Regional Park Community

Statement of Net Position

June 30, 2025

(Dollars in Thousands)

ASSETS	
Current assets:	
Cash and investments	\$ 126,854
Restricted cash and investments	13,781
Receivables:	
Accounts	142
Interest	1,509
Total current assets	<u>142,286</u>
Noncurrent assets:	
Capital assets:	
Nondepreciable	81,780
Depreciable	138,794
Less accumulated depreciation	<u>(109,973)</u>
Total capital assets	<u>110,601</u>
Total noncurrent assets	<u>110,601</u>
Total assets	<u><u>252,887</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension items	1,617
OPEB items	<u>1,587</u>
Total deferred outflows of resources	<u>3,204</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	6,655
Interest payable	1,633
Refundable deposits	57
Unearned revenue	112
Long-term debt - current portion	<u>1,940</u>
Total current liabilities	<u>10,397</u>
Noncurrent liabilities:	
Net pension liability	5,567
Net OPEB liability	518
Long-term debt	<u>83,557</u>
Total noncurrent liabilities	<u>89,642</u>
Total liabilities	<u>100,039</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB items	<u>325</u>
Total deferred inflows of resources	<u>325</u>
NET POSITION	
Net investment in capital assets	38,884
Restricted for:	
Shoreline community indebtedness	<u>117,053</u>
Total restricted	<u>117,053</u>
Unrestricted	<u>(210)</u>
Total net position	<u><u>\$ 155,727</u></u>

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Mountain View Shoreline Regional Park Community

Statement of Activities

For the year ended June 30, 2025

(Dollars in Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 27,060	\$ -	\$ -	\$ -	\$ (27,060)
Public safety	172	-	-	-	(172)
Public works	2,657	-	-	-	(2,657)
Community development	302	-	-	-	(302)
Culture and recreation	7,390	573	-	-	(6,817)
Interest on long-term debt	3,712	-	-	-	(3,712)
Total governmental activities	<u>\$ 41,293</u>	<u>\$ 573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(40,720)</u>
General Revenues:					
Property taxes					73,235
Capital contributions from the City of Mountain View					11,802
Investment income (loss)					8,810
Transfers:					
Transfers from the City of Mountain View					5,579
Transfers to the City of Mountain View					(27,757)
Total general revenues and transfers					<u>71,669</u>
Change in net position					30,949
Net position - beginning of year					<u>124,778</u>
Beginning of year, as restated					<u>124,778</u>
Net position - end of year					<u>\$ 155,727</u>

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FUND FINANCIAL STATEMENTS

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Mountain View Shoreline Regional Park Community

Balance Sheet

Governmental Funds

June 30, 2025

(Dollars in Thousands)

	Shoreline Regional Park Community	Shoreline Regional Park Community 2018 Revenue Bonds	Shoreline Regional Park Community 2022 Revenue Bonds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 126,854	\$ -	\$ -	\$ 126,854
Restricted cash and investments	7,703	6,078	-	13,781
Receivables:				
Accounts	142	-	-	142
Interest	1,509	-	-	1,509
Total assets	\$ 136,208	\$ 6,078	\$ -	\$ 142,286
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 6,655	\$ -	\$ -	\$ 6,655
Refundable deposits	57	-	-	57
Unearned revenue	112	-	-	112
Total liabilities	6,824	-	-	6,824
Deferred Inflows of Resources				
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted	124,753	6,078	-	130,831
Committed	4,631	-	-	4,631
Total fund balances	129,384	6,078	-	135,462
Total liabilities, deferred inflows of resources and fund balances	\$ 136,208	\$ 6,078	\$ -	\$ 142,286

Mountain View Shoreline Regional Park Community

Reconciliation of the Governmental Funds Balance Sheet

to the Government-Wide Statement of Net Position

June 30, 2025

(Dollars in Thousands)

Total Fund Balances - Total Governmental Funds	\$ 135,462

Amounts reported for governmental activities in the statement of net position are different

Capital assets net of depreciation have not been included as financial resources in governmental fund activity.

Nondepreciable	81,780

Depreciable, net	28,821

Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds.

	(1,633)

Deferred outflows and inflows of resources for pension and OPEB items in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Deferred outflows of resources	3,204

Deferred inflows of resources	(325)

Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.

Net pension liability	(5,567)

Net OPEB liability	(518)

Bonds and loans payable	(85,497)

Net Position of Governmental Activities	<u>\$ 155,727</u>

Mountain View Shoreline Regional Park Community
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2025
(Dollars in Thousands)

	Shoreline Regional Park Community	Shoreline Regional Park Community 2018 Revenue Bonds	Shoreline Regional Park Community 2022 Revenue Bonds	Total Governmental Funds
REVENUES:				
Property taxes	\$ 73,235	\$ -	\$ -	\$ 73,235
Use of money and property	8,997	253	-	9,250
Charges for services	56	-	-	56
Other	77	-	-	77
Total revenues	82,365	253	-	82,618
EXPENDITURES:				
Current:				
General government	27,028	-	-	27,028
Public safety	136	-	-	136
Public works	1,728	-	-	1,728
Community development				
Community development	451	-	-	451
Culture and recreation	5,042	-	-	5,042
Capital outlay	64	-	-	64
Debt service:				
Principal	-	985	875	1,860
Interest and fiscal charges	-	2,996	968	3,964
Total expenditures	34,449	3,981	1,843	40,273
REVENUES OVER (UNDER)				
EXPENDITURES	47,916	(3,728)	(1,843)	42,345
OTHER FINANCING SOURCES (USES):				
Transfers in	-	3,612	1,836	5,448
Transfers out	(5,447)	-	-	(5,447)
Transfers from the City of Mountain View	5,579	-	-	5,579
Transfers to the City of Mountain View	(27,757)	-	-	(27,757)
Total other financing sources (uses)	(27,625)	3,612	1,836	(22,177)
Net change in fund balances	20,291	(116)	(7)	20,168
FUND BALANCES:				
Beginning of year	109,093	6,194	7	115,294
End of year	\$ 129,384	\$ 6,078	\$ -	\$ 135,462

Mountain View Shoreline Regional Park Community
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Government-Wide Statement of Activities
For the year ended June 30, 2025
(Dollars in Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ 20,168

Amounts reported for governmental activities in the Government-Wide Statement of Activities were different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset additions - contributions from the City of Mountain View	11,869
Depreciation	(3,752)
Transfer of capital assets to the City of Mountain View	

Pension and OPEB contributions made subsequent to the measurement date are expenditures in the governmental funds, but reported as deferred outflows of resources in the government-wide financial statements.	1,470

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.	(916)

The repayment of principal of long-term debt consumes the current financial resources of governmental funds.	1,860

Some 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.

Amortization of bond premium	217
Change in accrued interest payable	33

Change in Net Position of Governmental Activities	\$ 30,949

Mountain View Shoreline Regional Park Community
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Shoreline Regional Park Community Fund
For the year ended June 30, 2025
(Dollars in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Property taxes	\$ 77,122	\$ 73,214	\$ 73,235	\$ 21
Use of money and property	4,613	7,423	8,997	1,574
Charges for services	55	55	56	1
Other	45	45	77	32
Total revenues	81,835	80,737	82,365	1,628
EXPENDITURES:				
Current:				
General government				
City attorney	70	90	-	90
Finance and administrative services	27,282	27,322	27,028	294
Public safety				
Fire	193	209	97	112
Police	40	40	39	1
Public works	2,137	2,210	1,728	482
Community development				
Community development	720	750	429	321
Housing	22	22	22	-
Culture and recreation				
Community services	5,691	5,800	5,042	758
Capital outlay	141	185	64	121
Total expenditures	36,296	36,628	34,449	2,179
REVENUES OVER (UNDER)				
EXPENDITURES	45,539	44,109	47,916	3,807
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	(5,447)	(5,447)
Transfers from the City of Mountain View	-	-	5,579	5,579
Transfers to the City of Mountain View	(23,622)	(33,586)	(27,757)	5,829
Total other financing sources (uses)	(23,622)	(33,586)	(27,625)	5,961
Net change in fund balances	\$ 21,917	\$ 10,523	20,291	\$ 9,768
FUND BALANCES:				
Beginning of year			109,093	
End of year			<u>\$ 129,384</u>	

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NOTES TO BASIC FINANCIAL STATEMENTS

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Mountain View Shoreline Regional Park Community

Notes to Basic Financial Statements

For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mountain View Shoreline Regional Park Community (Shoreline Community) was established in 1969 pursuant to the provisions of the Mountain View Shoreline Regional Park Community Act (Act). The purpose of the Shoreline Community is to provide for the development of approximately 1,550 acres of Bayfront lands.

The Shoreline Community is an integral part of the City of Mountain View (City). The Shoreline Community's Board (Board) is comprised of the same members as the City Council and the City's management has operational responsibility of the Shoreline Community. Therefore, the Shoreline Community is considered a blended component unit of the City and its financial activities are included within the City's annual comprehensive financial report.

The Shoreline Community's primary source of revenue is property taxes, which are computed and allocated to the Shoreline Community as follows:

- The assessed valuation of all property within the Shoreline Community's boundaries is determined and "frozen" for allocation purposes on the date of adoption by the Shoreline Community of a designation of a "base year" assessment roll. Shoreline Community designated the fiscal year ended 1977-78 as the base year.
- Increments in property taxes resulting from any increase in assessed values after the adoption of the Shoreline Community are allocated to the Shoreline Community; all property taxes on the "frozen" assessed valuation of the property are allocated to the City and other taxing entities receiving taxes within the Shoreline Community's boundaries.

The Shoreline Community has no power to levy or collect taxes. Any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay principal and interest on debt or loans from the City and any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available for this purpose. The Shoreline Community is also authorized to finance the North Bayshore Plan from other sources, including assistance from the City, the State and federal governments, interest income and the issuance of Shoreline Community debt.

A. Basis of presentation

The Shoreline Community's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities. These standards require that the financial statements described below be presented.

Government-wide Statements - The Statement of Net Position and the Statement of Activities display information about the financial activities of the primary government (the Shoreline Community). Eliminations have been made to minimize the double counting of internal activities.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of presentation (Continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Shoreline Community's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions of capital assets or resources that are restricted for capital purposes. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements - The fund financial statements provide information about the Shoreline Community's funds. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

B. Major Funds

The Shoreline Community reports major governmental funds in the basic financial statements as follows:

Shoreline Regional Park Community Fund (General) - This fund receives property tax revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. This is the operating fund of the Shoreline Community.

Shoreline Regional Park Community 2018 Revenue Bonds Fund (Debt Service) - This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2018 Revenue Bonds (Series A and Series B) as they become due.

Shoreline Regional Park Community 2022 Revenue Bonds Fund (Debt Service) - This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2022 Refunding Revenue Bonds Series A as they become due.

C. Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Shoreline Community considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year end.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and acquisitions under capital leases are reported as other financing sources.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

Non-exchange transactions, in which the Shoreline Community gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, earned grant entitlements, and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

The Shoreline Community may receive funding for specific programs that is restricted to the operations of these programs. The Shoreline Community also receives unrestricted revenues from different funding sources. When restricted program expenses are incurred, it is the Shoreline Community's policy to first apply revenues from the restricted sources to these programs and then apply unrestricted general revenue.

Certain indirect costs are included in program expenses reported for individual functions and activities.

D. Property Taxes

The County of Santa Clara (County) assesses properties and bills, collects, and distributes property taxes to the Shoreline Community. The County remits to the Shoreline Community the entire amount levied above the frozen base and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax becomes a lien on January 1 and is due in two installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax bills are distributed in July and are due upon receipt, and become delinquent after August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings and are secured by liens on the property owner. Unsecured may also include the property taxes paid in lieu on leased property. Property tax revenues are recognized by the Shoreline Community in the fiscal year they are levied, provided they become available as defined above.

E. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Pension and Other Postemployment Benefits (OPEB) Items

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the City's Pension and OPEB plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit (CERBT) Trust Fund, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. CalPERS plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value. The Shoreline Community's financial statements reflect its proportionate share of the Pension and OPEB liabilities, deferred outflows/inflows of resources and expenses.

G. Effects of New GASB Pronouncements

The Community adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements in Fiscal Year 2024-25:

1. In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Implementation of these requirements did not have a significant impact on the Community's financial statements for the fiscal year ended June 30, 2025.
2. In December 2024, the GASB issued 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. Implementation of these requirements did not have a significant impact on the Community's financial statements for the fiscal year ended June 30, 2025.

The Community is currently analyzing its accounting practices to identify the potential impact on the financial statements for the GASB statements as follows:

1. In April 2025, the GASB issued Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are going to be effective for the Community's fiscal year ending June 30, 2026.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Effects of New GASB Pronouncements (Continued)

2. In September 2025, the GASB issued Statement No. 104, Disclosure of Certain Capital Assets – The primary objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this statement are going to be effective for the Community's fiscal year ending June 30, 2026.

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING

A. Budgets And Budgetary Accounting

The Shoreline Community adopts an annual budget before July 1 for the ensuing fiscal year for the Shoreline Regional Park Community Fund.

No annual budgets are adopted for the Shoreline Community's Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

Budget appropriations become effective each July 1. The Board may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

The Shoreline Regional Park Community Fund's annual budget is presented on a basis consistent with the basic financial statements prepared in accordance with GAAP.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances and donations outstanding at the end of each prior fiscal year.

The Shoreline Community's Board must approve appropriation increases to departmental budgets; however, management may transfer Board-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 2 BUDGETS AND BUDGETARY ACCOUNTING (Continued)

B. Encumbrance Accounting

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year-end are automatically reappropriated for inclusion in the following fiscal year's budget.

NOTE 3 CASH AND INVESTMENTS

A. Classification

Cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2025. Cash and investments are as follows (dollars in thousands):

Cash and investments	\$	126,854
Restricted cash and investments		<u>13,781</u>
Total cash and investments	\$	<u>140,635</u>

The Shoreline Community's cash and investments of \$126.9 million are invested in the City's cash and investments pool. Restricted cash and investments are held by bond trustee and are invested in money market mutual funds.

B. Investments in City's Cash and Investment Policy

The City Council is responsible for the regulatory oversight of the City's cash and investments pool. The City's Investment Policy and the California Government Code permit investments in the following: Securities issued by the U.S. Government or as an agency of the U.S. Government, mortgage-backed securities, commercial paper, banker's acceptances, medium term notes issued by U.S. corporations, mutual funds invested in U.S. government securities, negotiable certificates of deposit, municipal bonds issued by the City or any of its component units, the Local Agency Investment Fund (LAIF), and Supranational securities.

As of June 30, 2025, the City's cash and investments pool was comprised primarily of investments in securities issued by the U.S. Government and its agencies, medium term notes, supranational securities, LAIF, bonds issued by the Shoreline Community, and money market mutual funds. The City's cash and investments pool is unrated and has a modified duration of 1.88 years. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy of the City's cash and investments pool can be found in the notes to the City's basic financial statements.

C. Investments Held by Bond Trustee

The Shoreline Community must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of its debt issues. These funds are pledged as reserves to be used if the Shoreline Community fails to meet its obligations under these debt issues. The investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate, credit and concentration of credit risks.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

C. Investments Held by Bond Trustee (Continued)

The investment types that are authorized for investments held by bond trustee are as follows:

Authorized Investment Type	Maximum Maturity
U.S. Treasury Obligations	No Limit
U.S. Agency Securities	No Limit
Deposit Accounts, Federal Funds and Banker's Acceptances	180 days
FDIC Insured Certificates of Deposit	No Limit
Commercial Paper	180 days
Money Market Mutual Funds	No Limit
State and Local Agency Bonds	No Limit
Insurer Approved Investment Contracts	No Limit
Insurer Approved Other Forms of Investments Including Repurchase Agreements	No Limit
Local Agency Investment Fund (LAIF)	No Limit
Certificate of deposit	2 years

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the modified duration (modified duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investments' full price) of its portfolio. The City monitors interest rate risk inherent in investments held by the trustee by using specific identification. The Shoreline Community's investments in money market mutual funds are available for withdrawal on demand and as of June 30, 2025, have an average maturity of less than 60 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2025, the Shoreline Community's investments in money market mutual funds are rated A+ by Standard & Poor's.

Concentration of Credit Risk

The Shoreline Community is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U.S. Treasury Obligations, money market funds and external investment pools. As of June 30, 2025, none of the Shoreline Community's investments are subject to concentration of credit risk disclosure.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 3 CASH AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

The Shoreline Community 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Shoreline Community's investment in the U.S. Treasury Obligations are measured using level 2 inputs, while investment in the City's cash and investments pool and money market mutual funds are not subject to fair value hierarchy. Investments measured using level 2 inputs are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these investments. Matrix pricing is used to value investments based on the investments' relationship to benchmark quoted prices.

NOTE 4 INTERFUND TRANSACTIONS

With Board approval, resources may be transferred from one fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. For the fiscal year ended June 30, 2025, Shoreline Regional Park Community Fund transferred \$3.6 million, and \$1.8 million, to the Shoreline Regional Park Community 2018 Revenue Bonds Fund, and Shoreline Regional Parking Community 2022 Revenue Bonds Fund, respectively, to fund debt service payments.

NOTE 5 TRANSACTIONS WITH THE CITY

Transfers Between the Shoreline Community and the City

The City expends funds on capital projects on behalf of the Shoreline Community which transfers the required funds to the City prior to the commencement of the project. Any unspent funds are returned to the Shoreline Community upon completion of the project.

During the fiscal year ended June 30, 2025, the Shoreline Community transferred to the City \$24.6 million to fund capital projects, \$3.1 million for equipment replacements, and \$48,000 for operating costs. The City transferred \$5.6 million to the Shoreline Community to return interest earnings on available capital projects balances and unspent funds on completed capital projects.

NOTE 6 CAPITAL ASSETS

All capital assets, including intangible assets, are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. The Shoreline Community defines capital assets as assets with an initial individual cost of more than \$100,000 for land and infrastructure, \$25,000 for buildings and improvements other than buildings, and \$5,000 for others, and an estimated useful life in excess of two years.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

Depreciation is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The Community has assigned the useful lives to capital assets as follows:

Buildings	25 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	3 to 20 years
Traffic signals	20 years
Streetlights	50 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

A. Capital Asset Activities

Capital assets activity for the fiscal year ended June 30, 2025, is as follows (dollars in thousands):

Governmental Activities	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 48,225	\$ -	\$ -	\$ -	\$ 48,225
Construction in Progress	24,017	13,317	-	(3,779)	33,555
Total capital assets not being depreciated	72,242	13,317	-	(3,779)	81,780
Capital assets being depreciated:					
Buildings	23,908	-	-	-	23,908
Improvements other than buildings	107,657	-	-	2,207	109,864
Machinery and equipment	2,331	121	-	-	2,452
Traffic signals	1,500	-	-	-	1,500
Streetlights	1,070	-	-	-	1,070
Total capital assets being depreciated	136,466	121	-	2,207	138,794
Less accumulated depreciation:					
Buildings	(13,734)	(537)	-	-	(14,271)
Improvements other than buildings	(88,778)	(3,082)	-	-	(91,860)
Machinery and equipment	(2,059)	(73)	-	-	(2,132)
Traffic signals	(959)	(38)	-	-	(997)
Streetlights	(691)	(22)	-	-	(713)
Total accumulated depreciation	(106,221)	(3,752)	-	-	(109,973)
Net capital assets being depreciated	30,245	(3,631)	-	2,207	28,821
Total Capital Assets, Net	\$ 102,487	\$ 9,686	\$ -	\$ (1,572)	\$ 110,601

During the fiscal year ended June 30, 2025, the Shoreline Community transferred certain infrastructure including bridges and culverts; sidewalks, curbs and gutters; and streets and roads funded by the Shoreline Community totaling \$1.6 million to the City in accordance with the Act.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 6 CAPITAL ASSETS (Continued)

B. Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each governmental activity function for the fiscal year ended June 30, 2025 are as follows (dollars in thousands):

General government	\$	32
Public safety		35
Public works		918
Culture and recreation		<u>2,767</u>
Total	\$	<u>3,752</u>

C. Construction Commitments

The Shoreline Community has active construction projects that include land; improvements other than buildings; and infrastructure. Commitments with contractors for construction, as of June 30, 2025, are as follows (dollars in thousands):

	Spent to Date	Remaining Commitment
Improvements other than buildings	\$ 15,222	\$ 3,701
Buildings	5,406	814
Infrastructure	<u>12,927</u>	<u>177</u>
Total	\$ 33,555	\$ 4,692

NOTE 7 NONCURRENT LIABILITIES

The Shoreline Community generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Shoreline Community's debt issues and transactions are summarized below and discussed in detail thereafter.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES (Continued)

A. Composition and Changes

Noncurrent liabilities activities for the fiscal year ended June 30, 2025, are as follows (dollars in thousands):

	Original Issue Amount	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025	Due within one year
Revenue Bonds:						
Shoreline Regional Park Community 2018						
Revenue Bonds Series A						
5.0%, due Fiscal Year 2048-49	\$ 53,485	\$ 53,485	\$ -	\$ -	\$ 53,485	\$ -
Add unamortized premium	<u>6,416</u>	<u>5,223</u>	<u>-</u>	<u>(217)</u>	<u>5,006</u>	<u>-</u>
Subtotal 2018 Revenue Bonds Series A	59,901	58,708	-	(217)	58,491	-
Shoreline Regional Park Community 2018						
Revenue Bonds Series B						
3.36% to 4.24%, due Fiscal Year 2031-32	10,315	8,445	-	(985)	7,460	1,020
Shoreline Regional Park Community 2022						
Refunding Revenue Bonds Series A						
4.83%, due Fiscal Year 2039-40	<u>21,565</u>	<u>20,421</u>	<u>-</u>	<u>(875)</u>	<u>19,546</u>	<u>920</u>
Total non-current liabilities	<u>\$ 91,781</u>	<u>\$ 87,574</u>	<u>\$ -</u>	<u>\$ (2,077)</u>	<u>\$ 85,497</u>	<u>\$ 1,940</u>

B. Descriptions of Noncurrent Liabilities

2018 Revenue Bonds Shoreline Regional Park Community - On December 19, 2018, the Shoreline Community issued 2018 Revenue Bonds, Series A (Tax-Exempt) and Series B (Taxable) (2018 Bonds) of \$53.5 million and \$10.3 million, respectively. Proceeds from the 2018 Bonds were used to provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2018 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 7 NONCURRENT LIABILITIES (Continued)

B. Descriptions of Noncurrent Liabilities (Continued)

2022 Refunding Revenue Bonds Shoreline Regional Park Community - On November 22, 2022, the Shoreline Community issued the 2022 Bonds of \$21.6 million through private placement. Proceeds from the 2022 Bonds were used to fully refund the outstanding 2011 Bonds of \$21,100,000. The 2022 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The refunding resulted in net present value savings of \$1.1 million. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when they become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

C. Debt Service Requirements

The pledge of future tax increment revenues ends upon repayment of the \$137.0 million in remaining debt service on the Shoreline Community's Revenue Bonds, which is scheduled to occur in Fiscal Year 2048-49. For the fiscal year ended June 30, 2025, tax increment revenues amounted to \$73.2 million, which represented coverage of 12.6 over the \$5.8 million in debt service.

Annual debt service requirements to maturity are as follows (dollars in thousands):

For the Fiscal Year Ending June 30	Principal	Interest	Total
2026	\$ 1,940	\$ 3,878	\$ 5,818
2027	2,025	3,793	5,818
2028	2,105	3,703	5,808
2029	2,205	3,607	5,812
2030	2,300	3,507	5,807
2031-2035	13,110	15,795	28,905
2036-2040	16,740	12,153	28,893
2041-2045	19,175	7,901	27,076
2046-2050	20,891	2,153	23,044
Total	<u>\$ 80,491</u>	<u>\$ 56,490</u>	<u>\$ 136,981</u>

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS

A. General Information about the Pension Plans

Plan Descriptions – All qualified regular and probationary employees are eligible to participate in the City's Miscellaneous Plan (Plan), agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a 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 the CalPERS website at www.calpers.ca.gov. The Shoreline Community participates in a cost-sharing arrangement in the City's Plan and a proportionate share of pension balances are allocated to the Shoreline Community.

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, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013, are known as "PEPRA" members.

The Plans’ provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit formula	2.7% 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	50+	52+
Required employee contribution rates	8.00%	7.00%
Required employer contribution rates	11.67%	11.67%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined rate is the projected 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 Shoreline Community is required to contribute its proportionate share of the difference between the actuarially determined rate and the contribution rate of employees. For Fiscal Year 2024-25, the Shoreline Community recognized \$942,000 as contributions for pension.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

B. Net Pension Liability

The Shoreline Community's net pension liability in the Plan is measured as the proportionate share of the City's net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 using standard update procedures. The Shoreline Community's proportion of the net pension liability was based on the projection of the Shoreline Community's long-term share of contributions to the pension plan relative to the projected contributions of all participating City funds, actuarially determined.

The change in the Shoreline Community's proportionate share of the net pension liability as of June 30, 2025 and 2024, (measurement dates of June 30, 2024 and 2023, respectively) for the Plan are as follows (dollars in thousands):

	Net Pension Liability	Proportion of the City's Miscellaneous Plan
Proportion - Measurement date June 30, 2024	\$ 5,567	4.46%
Proportion - Measurement date June 30, 2023	5,850	4.41%
Change	<u>\$ (283)</u>	<u>0.05%</u>

Actuarial Assumptions – The total pension liabilities in the June 30, 2023 actuarial valuations were determined using actuarial assumptions as follows:

	Miscellaneous Plan
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.
Mortality	Derived using CalPERS Membership Data for all Funds (1)

(1) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

B. Net Pension Liability (Continued)

All other actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the 2021 CalPERS Experience Study for the period from 2001 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the 2021 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions – There were no assumption changes in measurement period 2024.

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expense of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset 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%
Total	100%	

(1) - An expected inflation of 2.30% used for this period.

(2) - Figures are based on the 2021 Asset Liability Management study.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 8 PENSION PLANS (Continued)

B. Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The Shoreline Community's proportionate share as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the Shoreline Community's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Shoreline Community's proportionate share of the City's Miscellaneous Plan			
net pension liability	\$ 8,846	\$ 5,567	\$ 2,860

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

For the fiscal year ended June 30, 2025, the Shoreline Community recognized pension expense of \$1,131,000. The Shoreline Community reported deferred outflows of resources related to pensions by sources for the fiscal year ended June 30, 2025 are as follows (dollars in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 942	\$ -
Differences between actual and expected experience	418	-
Net differences between projected and actual earnings on plan investments	257	-
Total	\$ 1,617	\$ -

As of June 30, 2025, the Shoreline Community reported \$942,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense are as follows (dollars in thousands):

Year Ending June 30	Total
2026	\$ 269
2027	604
2028	(88)
2029	(110)
Total	\$ 675

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the OPEB Plan

Plan Descriptions – By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees' Medical and Hospital Care Act (PEHMCA)) under a single employer defined benefit OPEB plan. In December 2008, the City entered into an agreement with CalPERS to participate in CERBT, an agent multiple-employer other postemployment benefits plan, to fund the City's OPEB. CERBT is administrated by CalPERS, is managed by an appointed board not under the control of the City Council. CERBT issues a publicly available financial report that can be found on the CalPERS website at www.calpers.ca.gov. The Shoreline Community participates in a cost-sharing arrangement in the City's OPEB plan and a proportionate share of OPEB balances are allocated to the Shoreline Community.

The City also offers a Defined Contribution (DC) Plan to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account (HSA). Employees who have elected the DC Plan are not included in the City's actuarial valuation for OPEB.

Benefits Provided – The City provides medical and vision OPEB benefits. Additional information regarding the benefits provided for the City's OPEB plan can be found in the notes to the City's basic financial statements.

Contributions – The City's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. For the fiscal year ended June 30, 2025, the Shoreline Community's contributions totaled \$528,000.

B. Net OPEB Liability

The Shoreline Community's net OPEB liability in the City's OPEB Plan is measured as the proportionate share of the City's net OPEB liability. The City's net OPEB liability is measured as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2023 using standard update procedures. The Shoreline Community's proportion of the net OPEB liability was based on the projection of the Shoreline Community's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating City funds, actuarially determined.

The change in the Shoreline Community's proportionate share of the net OPEB liability as of June 30, 2025 and 2024 (measurement dates of June 30, 2024 and 2023, respectively) for the OPEB Plan is as follows (dollars in thousands):

	Net OPEB Liability	Proportion of the City's OPEB Plan
Proportion - Measurement date June 30, 2024	\$ 518	7.91%
Proportion - Measurement date June 30, 2023	\$ 44	0.52%
Change	\$ 474	7.39%

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability (Continued)

Actuarial Assumptions – The total OPEB liability as of June 30, 2024 were determined using actuarial assumptions as follows:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.60%
Inflation	2.50%
Projected Salary Increase	3.00%
Healthcare cost trend rates	6.0% in 2026, fluctuating down to 3.9% by 2075
Mortality	2021 CalPERS Experience Study
Mortality Improvement	MW Scale 2022

(1) Demographic actuarial assumptions used are based on the 2021 CalPERS Experience Study for the period from 1997 to 2019, except for using the MacLeod Watts Scale 2020 applied generationally from 2015 as the basis to project future morality improvements.

Change in Assumptions – There were no changes in assumptions during measurement.

Discount Rate - The discount rate used to measure the total OPEB liability is 5.6 percent. The projection of cash flows used to determine the discount rate assumed that the City's contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OEPB plan investments is applied to all periods of projected benefit payments to determine the total OPEB Liability.

The long-term expected rate of return for OPEB plan investments is 5.6 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short -term (1-5 years) and the long-term (6-20 years) using a building-block approach:

The long-term expected real rate of return by asset class and the target allocation are as follows:

Asset Class	Current Target Allocation	Real Return Years 1-5 ⁽¹⁾	Real Return Years 6-20 ⁽²⁾
Global Equity	34.00%	6.30%	7.10%
Fixed Income	41.0	5.10	5.00
REITS	17.0	6.10	6.40
TIPS	5.0	4.10	3.80
Commodities	3.0	5.30	4.40

To derive the expected future trust return specifically for the City, we first adjusted CalPERS' future return expectations to align with the 2.5% general inflation assumption used in this report. Then applying the plan specific benefit payments (as determined from the June 30, 2023, valuation) to CalPERS' bifurcated return expectation, we determined the single equivalent long-term rate of return to be 5.60%.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate – The Shoreline Community 's proportionate share of the net OPEB liability, calculated using the discount rate of 5.6 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

Discount Rate	Current Discount Rate	Discount Rate
-1% (4.60%)	(5.60%)	+1% (6.60%)
\$ 2,907	\$ 518	\$ (1,210)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates – The net OPEB liability of the City , as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

Healthcare Cost Trend Rate -1%	Healthcare Cost Trend Current Rate	Healthcare Cost Trend Rate +1%
\$ (1,351)	\$ 518	\$ 3,096

C. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the Shoreline Community recognized OPEB income of \$215,000. As of June 30, 2025, the Shoreline Community reported \$1.6 million as deferred outflows of resources related to contributions for OPEB subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2025.

NOTE 10 RISK MANAGEMENT

The Shoreline Community is covered under the City's insurance program and therefore contributes its proportionate share of cost. The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, and unemployment. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of \$1.0 million for general liability claims, \$750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of \$1.0 million per incident. ACCEL is a joint powers authority of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Additional information regarding the City's insurance program can be found in the notes to the City's basic financial statements

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11 NET POSITION AND FUND BALANCES

A. *Net Position*

Net position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and are described as follows:

Net investment in capital assets - This caption groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted - This caption represents net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Shoreline Community cannot unilaterally alter.

Unrestricted - This caption represents net position of the Shoreline Community not restricted for any project or purpose.

B. *Fund Balances*

Governmental fund balances represent the assets and deferred outflows of resources less the liabilities and deferred inflows of resources of each fund. Governmental funds report fund balance in classifications based primarily on the extent to which the Shoreline Community is bound to honor constraints on how specific amounts in the funds can be spent. For programs with multiple funding sources, the Shoreline Community prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint as follows:

Nonspendable fund balances are 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 fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation, which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources. As of June 30, 2025, the Shoreline Community has restricted fund balances of \$124.7 million for Shoreline Community indebtedness and \$5.8 million for debt service.

Committed fund balances have constraints imposed by resolution of the Board, which may only be altered by resolution of the Board. Nonspendable amounts subject to Board commitments are included along with spendable resources. As of June 30, 2025, the Shoreline Community has committed fund balances of \$4.6 million for capital projects.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 11 NET POSITION AND FUND BALANCES (Continued)

B. Fund Balances (Continued)

Assigned fund balances are amounts constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designees and may be changed at the discretion of the Board or its designees. The Board has not delegated the authority to make assignments of fund balance. This category also includes residual fund balances which have not been restricted or committed.

Unassigned fund balance represents residual fund deficits.

C. Minimum Fund Balance / Net Position Policies

The Shoreline Regional Park Community Special Revenue Fund shall maintain a reserve of 25 percent of operating expenditures; the landfill reserve shall be incrementally increased to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan. The reserve shall have adequate balance to rebuild the landfill system, in case of a catastrophic event; and the sea level rise reserve is to be incrementally increased to accumulate funds for projects identified in the most recent Shoreline Sea Level Rise Study. The contributed amount shall be determined annually based on the available resources, timeline of the projects, and results of the Shoreline Sea Level Rise Study.

D. Landfill Containment Reserve

In 2013, CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with a non-water release event at the landfill site. The estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. On June 25, 2013, the City Council approved to restrict funds for landfill containment in the Landfill reserve of the Shoreline Community Fund. The City estimated the costs for the corrective actions to be \$1.2 million for the fiscal year ended June 30, 2025, and \$13.0 million to rebuild a new landfill system. As of June 30, 2025, the City restricted \$13.0 million for landfill containment and planned to increase the balance to accumulate funds to rebuild the landfill system based on the most recent Landfill Master Plan.

Mountain View Shoreline Regional Park Community
Notes to Basic Financial Statements
For the Year Ended June 30, 2025

NOTE 12 COMMITMENTS AND CONTINGENCIES

A. *Encumbrances*

The Shoreline Community's outstanding encumbrances as of June 30, 2025, are \$430,000 recorded as part of restricted fund balance.

B. *Education Enhancement Reserve Joint Powers Agreement (JPA)*

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the Mountain View Los Altos Unified High School District (MVLAUHSD) and the Mountain View Whisman School District (MVWSD) effective July 1, 2013, for a period of 10 years, superseding any prior agreements dating back to the first such agreement in 2006. The purpose of the Education Enhancement JPA is to create an Education Enhancement Reserve in which funds provided by the Shoreline Community are used to enhance the educational and technology capacity of students in the districts, which will contribute to the availability of a local technology workforce to further the objectives of the Shoreline Community. The agreement provides for minimum annual payments, which commenced with the fiscal year ended June 30, 2014, and have increased annually based on growth in property tax revenues in the preceding fiscal year. Each subsequent fiscal year increases based on growth in property tax revenues in the preceding fiscal year. The Agreement expired in June 2023. In May 2023, the Shoreline Community and the school districts extended the Agreement until June 30, 2024. An amendment to the 2023 EER Agreement, dated June 13, 2024, for a three-year extension was finalized in October 2024. In May 2025, a new EER Agreement was executed by all parties to supersede any prior agreements and will remain effective through June 30, 2035.

For the fiscal year ended June 30, 2025, the Shoreline Community paid a total of \$12.0 million in contributions to the school districts, including \$7.3 million to MVWSD and \$4.7 million to MVLAUHSD.

C. *Tax Revenue Sharing*

Pursuant to an agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. For the fiscal year ended June 30, 2025, \$2.8 million and \$3.5 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

REQUIRED SUPPLEMENTARY INFORMATION

Mountain View Shoreline Regional Park Community

Required Supplementary Information

For the year ended June 30, 2025

(Dollars in Thousands)

Schedule of the Shoreline Community's Proportionate Share of the Net Pension Liability

Fiscal year ended	6/30/2016	6/30/2017	6/30/2018	6/30/2019
Measurement Period	2015	2016	2017	2018
Shoreline Community's proportion of the net pension liability (NPL)	4.5%	4.5%	4.5%	4.5%
Shoreline Community's proportionate share of the NPL	\$ 4,177	\$ 4,948	\$ 5,431	\$ 5,038
Shoreline Community's covered payroll	1,520	1,622	1,797	1,907
Shoreline Community's proportionate share of the NPL as a percentage of its covered payroll	274.8%	305.1%	302.2%	264.2%
City Miscellaneous Plan's fiduciary net position as a percentage of the City Miscellaneous Plan's total pension liability	73.4%	70.0%	70.2%	73.4%

Note to schedule:

Benefit Changes- 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.

Change In assumptions- During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50% to 7.65%. There is no change in discount rate during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15%. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the 2017 CalPERS Experience Study. There were no changes in assumptions during measurement periods 2019, 2020, and 2021. During measurement period 2022, the discount rate was reduced from 7.15% to 6.90%, inflation rate was reduced from 2.50% to 2.30%, and demographic assumptions were changed in accordance with the 2021 CalPERS Experience Study. There were no changes in assumptions during measurement period 2023 and 2024.

<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>
2019	2020	2021	2022	2023	2024
4.5%	4.5%	4.6%	4.4%	4.4%	4.5%
\$ 5,032	\$ 5,268	\$ 2,788	\$ 5,582	\$ 5,850	\$ 5,567
2,009	2,037	2,149	2,301	2,233	2,760
250.5%	258.6%	129.7%	242.6%	262.0%	201.7%
74.8%	74.8%	87.5%	75.5%	75.4%	78.5%

Mountain View Shoreline Regional Park Community

Required Supplementary Information

For the year ended June 30, 2025

(Dollars in Thousands)

Schedule of the Shoreline Community Pension Contributions

Fiscal Year Ended June 30,	2016	2017	2018	2019
Contractually required				
contributions (actuarially determined) (CRC)	\$ 509	\$ 565	\$ 819	\$ 779
Contributions in relation to the CRC	(509)	(565)	(819)	(779)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,622	\$ 1,797	\$ 1,907	\$ 2,009
Contributions as a percentage of covered payroll	31.4%	31.4%	42.9%	38.8%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2025 were as follows:

ADC for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.30%
Salary increases	Varies by entry age and services
Payroll growth	2.80%
Investment rate of return	6.8%, net of pension plan investment and administrative expenses, includes inflation.
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study.
Mortality improvement	The probabilities of mortality are based on the 2021 CalPERS Experience Study.

2020	2021	2022	2023	2024	2025
\$ 847 (847)	\$ 680 (680)	\$ 761 (761)	\$ 768 (768)	\$ 857 (857)	\$ 942 (942)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,037	\$ 2,149	\$ 2,301	\$ 2,233	\$ 2,760	\$ 3,099
41.6%	31.6%	33.1%	34.4%	31.1%	30.4%

Mountain View Shoreline Regional Park Community

Required Supplementary Information

For the year ended June 30, 2025

(Dollars in Thousands)

Schedule of the Shoreline Community's Proportionate Share of the Net OPEB Liability

Fiscal Year Ended June 30, Measurement Period	2018 2017	2019 2018	2020 2019	2021 2020
Shoreline Community's proportion of the net OPEB liability (NOPEBL)	3.3%	1.1%	6.8%	2.1%
Shoreline Community's proportionate share of the NOPEBL \$	1,085	\$ 290	\$ 602	\$ 112
Shoreline Community's covered payroll	1,797	1,907	2,009	2,037
Shoreline Community's proportionate share of the NOPEBL as a percentage of its covered payroll	60.4%	15.2%	30%	5.5%
City OPEB Plan's fiduciary net position as a percentage of the City OPEB Plan's total OPEB liability	76.9%	82.8%	93.9%	96.4%

Note to schedule:

Change In assumptions- During measurement period 2019, the discount rate was reduced from 6.50% to 6.25%. Demographic assumptions were change in accordance to the 2017 CalPERS Experience Study. There is no change in assumptions during measurement period 2020. During the measurement period 2021, the discount rate was reduced from 6.25% to 6.00%. Inflation rate was reduced from 2.75% to 2.50%. Other assumptions including projected salary increase, post retirement benefit increase, and other demographic assumptions were also changed. During the measurement period 2022, the discount rate was reduced from 6.00% to 5.60%. During the measurement period 2023, the healthcare cos trend rates were changed to 6.5% in 2025, fluctuating down to 3.9% by 2075, Mortality was changed to based on 2021 CalPERS Experience Study, and Mortality Improvement was changed to based on MW Scale 2022. There were no assumption changes during FY 2024.

*Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only eight years of information is shown.

2022	2023	2024	2025
2021	2022	2023	2024
-0.5%	0.5%	0.5%	7.9%
\$ 127	\$ 58	\$ 44	\$ 649
2,149	2,301	2,233	2,760
5.9%	2.5%	1.97%	23.51%
117.3%	93.5%	94.80%	96.20%

Mountain View Shoreline Regional Park Community

Required Supplementary Information

For the year ended June 30, 2025

(Dollars in Thousands)

Schedule of the Shoreline Community OPEB Contributions

Fiscal Year Ended June 30,	2017	2018	2019	2020
Contractually required				
contributions (actuarially determined) (ADC)	\$ 1,014	\$ 1,085	\$ 290	\$ 602
Contributions in relation to the ADC	(1,014)	(1,085)	(290)	(602)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,797	\$ 1,907	\$ 2,009	\$ 2,037
Contributions as a percentage of covered payroll	56.4%	56.9%	14.4%	29.6%

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2023 were as follows:

ADC for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.50%
Projected salary increases	3.00%
Investment rate of return	5.60%
Post Retirement Benefit Increase	For medical plan premiums: 6.50% for the year beginning, fluctuating down to 3.90% by 2075
Mortality	Based on
Mortality Improvement	Based on MacL Based on MacLeod Watts Scale 2022

*Fiscal year ended June 30, 2017 was the first year of implementation of GASB Statement No. 75, therefore only nine years of information is shown.

2021	2022	2023	2024	2025
\$ 112	\$ 127	\$ 58	\$ 44	\$ 649
(112)	(127)	(58)	(44)	(649)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,149	\$ 2,301	\$ 2,233	\$ 2,760	\$ 4,557
5.2%	5.5%	2.6%	1.6%	14.2%

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OTHER SUPPLEMENTARY INFORMATION

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Mountain View Shoreline Regional Park Community
Shoreline Regional Park Community Fund
June 30, 2025

The **Administrative Fund** in accordance with the Act, accounts for moneys may be transferred from the Special Fund for deposit to pay for the administrative expenses and overhead of the Shoreline Community.

The **Special Fund** in accordance with the Act, accounts for all tax revenues received by the Shoreline Community are deposited in the Special Fund and will be used to pay the principal of and interest on loans, advances, or other indebtedness of the Shoreline Community.

The **North Bayshore Impact Fee Fund** accounts for the revenues collected for fees adopted to assist with funding improvements in the Shoreline Community.

Mountain View Shoreline Regional Park Community

Combining Balance Sheet

Shoreline Regional Park Community Fund

June 30, 2025

(Dollars in Thousands)

	Shoreline Regional Park Community Administrative	Shoreline Regional Park Community Special	North Bayshore Impact Fee	Interfund Elimination	Total
ASSETS					
Cash and investments	\$ 118,489	\$ 3,900	\$ 4,465	\$ -	\$ 126,854
Restricted cash and investments	7,703	-	-	-	7,703
Receivables:					
Accounts	142	-	-	-	142
Interest	1,343	-	166	-	1,509
Total assets	\$ 127,677	\$ 3,900	\$ 4,631	\$ -	\$ 136,208
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 6,655	\$ -	\$ -	\$ -	\$ 6,655
Refundable deposits	57	-	-	-	57
Unearned revenue	112	-	-	-	112
Total liabilities	6,824	-	-	-	6,824
Fund Balances:					
Restricted	116,222	3,900	4,631	-	124,753
Committed	4,631	-	-	-	4,631
Total fund balances	120,853	3,900	4,631	-	129,384
Total liabilities, deferred inflows of resources and fund balances	\$ 127,677	\$ 3,900	\$ 4,631	\$ -	\$ 136,208

Mountain View Shoreline Regional Park Community
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Shoreline Regional Park Community Fund
For the year ended June 30, 2025
(Dollars in Thousands)

	Shoreline Regional Park Community Administrative	Shoreline Regional Park Community Special	North Bayshore Impact Fee	Interfund Elimination	Total
REVENUES:					
Property taxes	\$ -	\$ 73,235	\$ -	\$ -	\$ 73,235
Use of money and property	8,657	186	154	-	8,997
Charges for services	56	-	-	-	56
Other	77	-	-	-	77
Total revenues	8,790	73,421	154	-	82,365
EXPENDITURES:					
Current:					
General government	27,028	-	-	-	27,028
Public safety	136	-	-	-	136
Public works	1,728	-	-	-	1,728
Community development	451	-	-	-	451
Culture and recreation	5,042	-	-	-	5,042
Capital outlay	64	-	-	-	64
Total expenditures	34,449	-	-	-	34,449
REVENUES OVER (UNDER)					
EXPENDITURES	(25,659)	73,421	154	-	47,916
OTHER FINANCING SOURCES (USES):					
Transfers in	67,933	-	-	(67,933)	-
Transfers out	-	(73,380)	-	67,933	(5,447)
Transfers from the City of Mountain View	4,888	-	691	-	5,579
Transfers to the City of Mountain View	(27,757)	-	-	-	(27,757)
Total other financing sources (uses)	45,064	(73,380)	691	-	(27,625)
Net change in fund balances	19,405	41	845	-	20,291
FUND BALANCES:					
Beginning of year	101,448	3,859	3,786	-	109,093
End of year	\$ 120,853	\$ 3,900	\$ 4,631	\$ -	\$ 129,384

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Board of Directors of the
Mountain View Shoreline Regional Park Community
City of Mountain View, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and each major fund of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Shoreline Community's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Shoreline Community's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shoreline Community's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shoreline Community's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

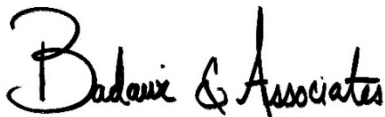
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Shoreline Community's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with a large, looped initial 'B' and a cursive script for the rest of the name.

Badawi & Associates, CPAs
Emeryville, California
December 9, 2025



City of
Mountain View



MountainView.gov

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

May __, 2026

City of Mountain View Capital Improvements
Financing Authority
500 Castro St.
Mountain View, CA 94041

City of Mountain View
500 Castro St.
Mountain View, CA 94041

OPINION: \$_____ City of Mountain View Capital Improvements Financing Authority
 Lease Revenue Bonds, Series 2026 (Public Safety Building Project)

Members of the Board of Directors and City Council:

We have acted as bond counsel to the City of Mountain View (the "City") and the City of Mountain View Capital Improvements Financing Authority (the "Authority") in connection with the issuance by the Authority of the lease revenue bonds captioned above, dated the date hereof (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, opinions, certifications and other documents as we have deemed necessary to render this opinion.

The Bonds are issued pursuant to Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California, the Indenture of Trust, dated as of May 1, 2026 (the "Indenture"), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), and a resolution (the "Resolution") of the Board of Directors of the Authority adopted on ____, 2026.

Under the Indenture, the Authority has pledged certain revenues (the "Revenues") for the payment of principal, premium (if any), and interest on the Bonds when due, including lease payments made by the City under a Lease Agreement dated as of May 1, 2026 (the "Lease Agreement") between the Authority and the City.

Regarding questions of fact material to our opinion, we have relied on representations of the Authority contained in the Indenture and the City contained in the Lease Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Authority is a duly created and validly existing joint exercise of powers authority with the power to adopt the Resolution, enter into the Indenture and the Lease Agreement, perform the agreements on its part contained therein, and issue the Bonds.

2. The City is a duly created and validly existing municipal corporation and chartered city with the power to enter into the Lease Agreement and perform the agreements on its part contained therein.

3. The Indenture has been duly authorized, executed and delivered by the Authority, and constitutes a valid and binding obligation of the Authority, enforceable against the Authority.

4. The Lease Agreement has been duly authorized, executed and delivered by the Authority and the City, and constitutes a valid and binding obligation of the Authority and the City, enforceable against the Authority and the City.

5. The Indenture creates a valid lien on the Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity basis with other bonds (if any) issued or to be issued in accordance with the Indenture.

6. The Bonds have been duly authorized and executed by the Authority, and are valid and binding limited obligations of the Authority, payable solely from the Revenues and other funds provided therefor in the Indenture.

7. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the Authority and the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Authority and the City have made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

8. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, our opinions represent our legal judgment based upon our review of existing law that we

deem relevant to such opinions and in reliance upon the representations, covenants and opinions referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF MOUNTAIN VIEW CAPITAL IMPROVEMENTS FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026
(PUBLIC SAFETY BUILDING PROJECT)

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered by the City of Mountain View (the “City”) in connection with the issuance by the City of Mountain View Capital Improvements Financing Authority (the “Authority”) of the bonds captioned above (the “Bonds”). The Bonds are being issued under an Indenture of Trust dated as of May 1, 2026 (the “Indenture”), by and between the Authority and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City on behalf of itself and the Authority for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Annual Report Date*” means seven months after the end of the City's fiscal year (currently January 31, based on the City's fiscal year-end of June 30).

“*Dissemination Agent*” means, initially, Urban Futures, Inc., and any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Certificate.

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“*Official Statement*” means the final official statement dated _____, 2026, executed by the City and the Authority in connection with the issuance of the Bonds.

“*Participating Underwriters*” means, collectively, Stifel, Nicolaus & Company, Incorporated, and Morgan Stanley & Co. LLC, the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing January 31, 2027, with the report for the 2025-26 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written general fund with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) a notice to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the City for the preceding fiscal year, prepared in accordance generally accepted accounting principles. 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 become available.

(b) *Other Annual Information.* To the extent not included in the audited final statements of the City, the Annual Report shall also include financial and operating data with respect to the City for the preceding fiscal year, substantially similar to that provided in the corresponding tables and charts in the Official Statement, as follows:

(i) the principal amount of Bonds outstanding as of June 30 preceding the filing of the Annual Report;

(ii) updates as of June 30 preceding the filing of the Annual Report of the substance of the information contained in following tables in the Official Statement:

(1) Statement of General Fund Revenues, Expenditures and Changes in Fund Balance, substantially in the form of Table 4 in the Official Statement;

(2) Assessed Value of Taxable Property, substantially in the form of Table 6 in the Official Statement;

(3) Top Ten Property Taxpayers, substantially in the form of Table 7 in the Official Statement; and

(4) Major General Fund Revenues by Source, substantially in the form of Table 5 in the Official Statement.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public through the MSRB. The City shall clearly identify each such other document so included by reference. If the document included by reference is a final official statement, it must be available from the MSRB.

Section 5. Reporting of Listed Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the Bonds, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City.
- (13) 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, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of the Trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 Business Days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or

governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The 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(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent will be the City. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. 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 the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which

the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. 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 Annual Report or 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 Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriters or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the 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.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond owners or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Notices. Any notice or communications to be among any of the parties to this Disclosure Certificate may be given as follows:

*If to the Authority
or the City:*

City of Mountain View
500 Castro Street
Mountain View, CA 94041
Attention: Finance and Administrative Services
Director

Any person may, by written notice to the other persons listed above, designate a different address to which subsequent notices or communications should be sent.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 15. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: _____, 2026

CITY OF MOUNTAIN VIEW

By: _____
City Manager

AGREED AND ACCEPTED:
Urban Futures, Inc.,
as Dissemination Agent

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Authority (the “Issuer”) nor the Trustee (the “Agent”) take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, 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 Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

