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 them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 2024

NEW ISSUE—FULL BOOK-ENTRY **RATING: "A+" (S&P)**
See "MISCELLANEOUS—Rating" herein

STATE OF CALIFORNIA **COUNTY OF RIVERSIDE**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series E Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series E Bonds. See "LEGAL MATTERS—Tax Matters" herein.

$31,000,000*
HEMET UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
2024 GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES E

Dated: Date of Delivery **Due: As shown on the following page**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The $31,000,000* Hemet Unified School District (Riverside County, California) 2024 General Obligation Bonds, Election of 2018, Series E (the "Series E Bonds") were authorized at an election of the registered voters of the Hemet Unified School District (the "District") held on November 6, 2018, at which more than fifty-five percent of the persons voting on the proposition voted to authorize the issuance and sale of not to exceed $150,000,000 principal amount of general obligation bonds of the District (the "2018 Authorization"). The Series E Bonds represent the fifth series of bonds issued under the 2018 Authorization and are being issued to (i) finance improvements to and the acquisition of property and equipment for various schools within the District as authorized by the voters at the November 6, 2018 election, (ii) pay a portion of the interest due on the Series E Bonds through August 1, 2025*, and (iii) pay the costs of issuing the Series E Bonds. See "INTRODUCTION—Purpose of Issue" and "THE SERIES E BONDS—Application and Investment of Series E Bond Proceeds and Tax Revenues" herein.

The Series E Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County of Riverside (the "County"). The Board of Supervisors of the County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series E Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). The District has other series of general obligation bonds outstanding which are similarly secured by tax levies. See "SECURITY FOR THE SERIES E BONDS" and "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—*Ad Valorem* Property Taxation" herein.

The Series E Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Payments of principal of and interest on the Series E Bonds will be paid by U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the beneficial owners of the Series E Bonds. See "THE SERIES E BONDS—Book-Entry Only System" herein.

The Series E Bonds will be dated their date of delivery. Interest on the Series E Bonds accrues from their dated date and is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2025.

The Series E Bonds are subject to redemption prior to maturity. See "THE SERIES E BONDS—Redemption of Bonds" herein.

The District has applied for municipal bond insurance for the Series E Bonds and accepting an insurance commitment, if any, will be at bidder's option pursuant to the terms of the Official Notice of Sale.

THE SERIES E BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT PAYABLE SOLELY FROM AMOUNTS IN INTEREST AND SINKING FUND ESTABLISHED FOR THE SERIES E BONDS, CONSISTING OF CAPITALIZED INTEREST FUNDED WITH SERIES E BOND PROCEEDS AND AD VALOREM PROPERTY TAXES LEVIED AND COLLECTED BY THE COUNTY OF RIVERSIDE ON TAXABLE PROPERTY WITHIN THE DISTRICT AND DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OF RIVERSIDE. NO PART OF ANY FUND OF THE COUNTY OF RIVERSIDE IS PLEDGED OR OBLIGATED TO THE PAYMENT OF THE SERIES E BONDS.

MATURITY SCHEDULE
(See Following Page)

The Series E Bonds were sold by competitive bid on ______, 2024 to _____ (the "Purchaser").The Series E Bonds are offered when, as and if issued, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth LLP, Disclosure Counsel. The Series E Bonds, in book-entry form, will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about October 8, 2024.

Dated: _________, 2024

* *Preliminary, subject to change.*

MATURITY SCHEDULE

BASE CUSIP† NO. 423542

$31,000,000*
HEMET UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
2024 GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES E

Maturity (August 1)	*Principal Amount*	*Interest Rate*	*Yield*	*CUSIP†*

$_____ _____% Term Bonds due August 1, _____, Yield: _____% CUSIP† _____

* *Preliminary, subject to change.*
† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Purchaser takes any responsibility for the accuracy of such numbers.*

This Official Statement does not constitute an offering of any security other than the original offering of the Series E Bonds. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Series E Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Section 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

Certain information set forth herein, other than that provided by the District, has been obtained from sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. 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 District since the date hereof.

In connection with this offering, the Purchaser may overallot or effect transactions which stabilize or maintain the market prices of the Series E Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Purchaser may offer and sell the Series E Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Purchaser.

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

The District maintains a website. However, the information presented there is not part of this Official Statement, is not incorporated herein, and should not be relied upon in making an investment decision with respect to the Series E Bonds.

HEMET UNIFIED SCHOOL DISTRICT

GOVERNING BOARD

Jeremy Parsons, *President*
Alfred Cordova, Jr., *Vice President*
Stacey Bailey, *Member*
Kenneth Prado, *Member*
Patrick Searl, *Member*
Jeffrey Slepski Ed.D., *Member*
Horacio Valenzuela, *Member*

DISTRICT ADMINISTRATION

Christi Barrett, Ph.D., *Superintendent*
Darrin Watters, *Deputy Superintendent, Business Services*
Carolyn Yoakum, *Director of Fiscal Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Fieldman Rolapp & Associates, Inc.
Irvine, California

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP
Irvine, California

DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

BOND REGISTRAR, TRANSFER AGENT, AND PAYING AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

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$31,000,000*
HEMET UNIFIED SCHOOL DISTRICT
(RIVERSIDE COUNTY, CALIFORNIA)
2024 GENERAL OBLIGATION BONDS
ELECTION OF 2018, SERIES E

INTRODUCTION

This Official Statement (which includes the cover page, the Table of Contents and the Appendices attached hereto) is furnished by the Hemet Unified School District (the "District"), located in Riverside County, California, to provide information concerning the $31,000,000* Hemet Unified School District (Riverside County, California) 2024 General Obligation Bonds, Election of 2018, Series E (the "Series E Bonds").

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, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Series E Bonds to potential investors is made only by means of the entire Official Statement.

The District

The District was established on July 1, 1966, as a result of the unification of the Alamos and Cottonwood Districts, the Hemet Valley Union School District and the Hemet Union High School District. The District covers approximately 650 square miles in the western part of the County of Riverside (the "County"). The City of Hemet, portions of the City of San Jacinto, and unincorporated areas of the County, including the communities of Idyllwild, Anza, Aguanga and Winchester are situated within the District's boundaries. Hemet is located approximately 45 miles west of Palm Springs, 75 miles north of San Diego, 65 miles east of Los Angeles and 35 miles southeast of Riverside.

For fiscal year 2024-25, the District's has budgeted for an enrollment of 22,295 students, not including charter school enrollment, and taxable property within the District had a total fiscal year 2023-24 assessed valuation of $15,785,783,425.

The District currently operates preschool centers at eleven school locations, thirteen elementary schools (transitional kindergarten through fifth grade), two elementary/middle schools (transitional kindergarten through eighth grade), four middle schools (sixth through eighth grade), four comprehensive high schools (one sixth through twelfth grade and three ninth through twelfth grade), one continuation high school (eleventh through twelfth grade), a science-based charter middle/high school (sixth through twelfth grade), an adult education center, a dual language academy (kindergarten through eighth grade), independent study programs, a home school program, and a hybrid learning program that offers a combination of online and in-person classes. The charter school is operated by the District and its financial activities are presented in the District's audited financial statements in the Charter School Special Revenue Fund.

The District is governed by a Governing Board consisting of seven members who are elected by trustee area to staggered four-year terms at elections held every two years. The District is divided into seven trustee areas. The District's affairs are administered by a superintendent, who is appointed by the Governing Board. Dr. Christi Barrett has served as Superintendent of the District since July 2016 and is currently the longest tenured superintendent in the County. The District operates under the jurisdiction of the Riverside County Superintendent of Schools.

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* *Preliminary, subject to change.*

For more information regarding the District and its finances generally, see the captions "THE DISTRICT" and "DISTRICT FINANCIAL MATTERS" as well as Appendix B. See also Appendix D hereto for demographic and other information regarding the City of Hemet and the County.

Purpose of Issue

The net proceeds of the Series E Bonds will be used to finance construction and improvements to facilities of the District, as approved by voters in the District at an election held on November 6, 2018 (the "Bond Election"). See "THE SERIES E BONDS — Purpose of Issue" herein.

Authority for Issuance of the Series E Bonds

The Series E Bonds will be issued pursuant to the 2018 Authorization, certain provisions of the Government Code of the State, commencing with Section 53506 thereof (the "Bond Law"), and a resolution adopted by the Governing Board of the District on September 10, 2024 (the "Bond Resolution"). See "THE SERIES E BONDS — Authority for Issuance" herein.

Description of the Series E Bonds

Payment Dates. The Series E Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Series E Bonds will be dated their date of delivery and will be issued as fully registered bonds, without coupons, in the denominations of $5,000 or any integral multiple thereof. The Series E Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity or earlier redemption, commencing February 1, 2025. See "THE SERIES E BONDS — Description of the Series E Bonds" herein.

Payment and Registration of the Series E Bonds. The Series E Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series E Bonds (the "Beneficial Owners") in the denominations set forth on the cover page hereof, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through participants in DTC's book-entry only system ("DTC Participants") as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series E Bonds. If the book-entry-only system described below is no longer used with respect to the Series E Bonds, the Series E Bonds will be registered in accordance with the Bond Resolution. See "THE SERIES E BONDS — Book-Entry Only System" herein and Appendix E.

Redemption. The Series E Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES E BONDS —Redemption."

Security and Sources of Payment for the Series E Bonds

The Series E Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Series E Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE SERIES E BONDS." Following the issuance of the Series E Bonds, there will be no amount of unused authorization remaining under the 2018 Authorization.

Legal Matters

Issuance of the Series E Bonds is subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Irvine, California, Bond Counsel to the District, to be delivered in substantially the form attached hereto as Appendix A. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, will serve as Disclosure Counsel to the District. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Series E Bonds.

Bond Insurance

The District has applied for municipal bond insurance for the Series E Bonds, and accepting an insurance commitment, if any, will be at bidder's option pursuant to the terms of the Official Notice of Sale for the Series E Bonds.

Continuing Disclosure

The District has covenanted and agreed that it will comply with and carry out all of the provisions of a continuing disclosure certificate (the "Continuing Disclosure Certificate"), the form of which is attached as Appendix C. See "CONTINUING DISCLOSURE" for additional information.

Other Information

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement, and information concerning the Series E Bonds, are available from the District at Hemet Unified School District, 1791 W. Acacia Avenue, Hemet, California 92545. The District may impose a charge for copying, mailing and handling.

THE SERIES E BONDS

Authority for Issuance

The Series E Bonds will be issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53506 thereof, and the Bond Resolution. At an election held on November 6, 2018, the District received approval by at least 55% of the votes cast by eligible voters within the District to issue general obligation bonds in a principal amount not to exceed $150,000,000 (the "2018 Authorization").

Pursuant to the 2018 Authorization, on February 26, 2019, the District issued its $27,500,000 aggregate principal amount 2019 General Obligation Bonds Election of 2018, Series A. On July 15, 2020, pursuant to the 2018 Authorization, the District issued its $26,500,000 aggregate principal amount 2020 General Obligation Bonds Election of 2018, Series B. On September 15, 2021, pursuant to the 2018 Authorization, the District issued its $35,000,000 aggregate principal amount 2021 General Obligation Bonds Election of 2018, Series C. On December 22, 2022, pursuant to the 2018 Authorization, the District issued its $30,000,000 aggregate principal amount 2022 General Obligation Bonds Election of 2018, Series D. The Series E Bonds are the fifth series of bonds issued pursuant to the 2018 Authorization. Following the issuance of the Series E Bonds, there will be no amount of unused authorization remaining under the 2018 Authorization.

Purpose of Issue

Proceeds of the Series E Bonds will be used for the purposes specified in the ballot measure approved by the District's voters on November 6, 2018, the abbreviated text of which appeared on the ballot as follows:

> *"To improve neighborhood school safety/security; upgrade academic, science, technology, engineering, math, vocational classrooms/labs; repair deteriorating plumbing, roofs, electrical systems; remove asbestos/lead paint; shall Hemet Unified School District issue*

$150 million in bonds at legal rates, an estimated 4.9 cents per $100 assessed value (averaging $10 million annually) while bonds are outstanding, under a no-tax-rate-increase financing plan, with citizen oversight, independent audits, and no money for Sacramento?"

In addition to the abbreviated statement of the ballot measure, as part of the sample ballot materials, in accordance with the requirements of California law, District voters were presented with a full text of ballot measure, which, among other items, included a project list identifying to District voters the types of projects eligible for funding from proceeds of bonds approved at the Bond Election (the "Project List"). The District makes no representation as to the specific application of the proceeds of the Series E Bonds, the completion of any projects listed on the Project List, or whether bonds Issued under the 2018 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

Description of the Series E Bonds

The Series E Bonds are being issued as current interest bonds. The Series E Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The Series E Bonds will be issued in book-entry form only, and will be initially registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Series E Bonds. See "—Book-Entry Only System" and Appendix E.

The Series E Bonds will be issued in denominations of $5,000 principal amount or any integral multiple thereof. Interest on Series E Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2025 (each, an "Interest Payment Date"). Each Series E Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a "Record Date") and on or prior to the succeeding Interest Payment Date for such Series E Bond, in which event it will bear interest from such Interest Payment Date, or (ii) it is authenticated on or before the Record Date preceding the first Interest Payment Date for such Series E Bond, in which event it will bear interest from its dated date. Notwithstanding the foregoing, if interest on any Series E Bond is in default at the time of authentication thereof, such Series E Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Series E Bonds will be paid by the U.S. Bank Trust Company, National Association, as the designated paying agent, registrar and transfer agent (the "Paying Agent") to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Series E Bonds.

Book-Entry Only System

The Series E 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 DTC. Purchasers of the Series E Bonds will not receive physical certificates representing their interest in the Series E Bonds. Payments of principal of and interest on the Series E Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Series E Bonds.

As long as DTC's book-entry method is used for the Series E Bonds, the Paying Agent will send any notice of prepayment or other notices to the person whose name appears on the Registration Books as the registered Owner (each, an "Owner") thereof, only through DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Series E Bonds called for prepayment or any other action premised on such notice. See Appendix E.

The Paying Agent, the District, and the Purchaser have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Series E Bonds.

Redemption

Optional Redemption. The Series E Bonds maturing on or before August 1, 2032, are not subject to optional redemption prior to their respective stated maturity dates. The Series E Bonds maturing on or after August 1, 2033, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after August 1, 2032, at a redemption price equal to the principal amount of the Series E Bonds called for redemption, together with interest accrued thereon to the redemption date, without premium.

Mandatory Sinking Fund Redemption. The Series E Bonds maturing on August 1, 20__, (the "Term Bonds") are subject to mandatory sinking fund redemption on August 1 of each year in accordance with the schedule set forth below, without a redemption premium, in part by lot, from mandatory sinking fund payments in the amounts and on the dates set forth below.

$_______________ Term Bonds Maturing August 1, 20____

Redemption Date (August 1)	***Sinking Fund Redemption***
(Maturity)	

The total principal amount of each mandatory fund payment with respect to such Term Bonds will be reduced proportionately or as otherwise directed by the District by the amount of any Term Bonds of that maturity optionally redeemed prior to the mandatory sinking fund payment date.

Selection of Series E Bonds for Redemption. If less than all of the Series E Bonds, if any, are subject to such redemption and are called for redemption, such Series E Bonds will be redeemed in inverse order of maturities or as otherwise directed by the District. Whenever less than all of the outstanding Series E Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Series E Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For the purpose of selection for optional redemption, Series E Bonds will be deemed to consist of $5,000 portions (principal amount), and any such portion may be separately redeemed.

Notice of Redemption

Notice of any redemption of the Series E Bonds will be mailed by the Paying Agent, postage prepaid, not less than 20 nor more than 60 days prior to the redemption date, (i) by first class mail to the County and the respective Owners of the Series E Bonds designated for redemption at the addresses appearing on the Registration Books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate with respect to the Series E Bonds.

Each notice of redemption will state (i) the date of such notice; (ii) the name of the Series E Bonds and the date of issue of the Series E Bonds; (iii) the redemption date; (iv) the redemption price; (v) the series of Bonds and the dates of maturity or maturities of Bonds to be redeemed; (vi) if less than all of the Series E Bonds of a series of any maturity are to be redeemed, the distinctive numbers of the Series E Bonds of each maturity of such series to be redeemed; (vii) in the case of Bonds of a series redeemed in part only, the respective portions of the principal amount of the Series E Bonds of each maturity of such series to be redeemed; (viii) the CUSIP number, if any, of each maturity of Bonds of a series to be redeemed; (ix) a statement that such Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Neither the failure to receive the notice of redemption nor any defect in any such notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds or the cessation of interest on the date fixed for redemption.

Effect of Redemption

When notice of redemption has been given substantially as described above and when the redemption price of the Series E Bonds called for redemption is set aside for the purpose of redeeming the Series E Bonds, the Series E Bonds designated for redemption will become due and payable on the specific redemption date and interest will cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Series E Bonds at the place specified in the notice of redemption, such Series E Bonds will be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Series E Bonds so called for redemption after such redemption date will be entitled to payment thereof only from the Interest and Sinking Fund or the trust fund established for such purpose. All Series E Bonds redeemed will be cancelled forthwith by the Paying Agent and shall not be reissued.

Right to Rescind Notice of Redemption

The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Series E Bonds so called for redemption. Any optional redemption and notice thereof will be rescinded if for any reason on the date fixed for redemption moneys are not available in the Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of, interest, and any premium due on the Series E Bonds called for redemption. Notice of rescission of redemption will be given in the same manner in which notice of redemption was originally given. The actual receipt by the Owner of any Series E Bond of notice of such rescission is not a condition precedent to rescission, and failure to receive such notice or any defect in such notice does not affect the validity of the rescission.

Funds for Redemption

Prior to or on the redemption date of any Series E Bonds there will be available in the Interest and Sinking Fund of the District, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Bond Resolution, the Series E Bonds designated in the notice of redemption. Such monies will be applied on or after the redemption date solely for payment of principal of, interest and premium, if any, on the Series E Bonds to be redeemed upon presentation and surrender of such Series E Bonds, provided that all monies in the Interest and Sinking Fund of the District will be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date will be paid from the Interest and Sinking Fund of the District, unless otherwise provided to be paid from such monies held in trust. If, after all of the Series E Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the Interest and Sinking Fund of the District or otherwise held in trust for the payment of redemption price of the Series E Bonds, the monies will be held in or returned or transferred to the Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from such fund; provided, however, that if the monies are part of the proceeds of bonds of the District, the monies will be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies will be transferred to the general fund of the District as provided and permitted by law.

Defeasance of the Series E Bonds

The Bond Resolution provides that if at any time the District will pay or cause to be paid or there will otherwise be paid to the Owners of any or all of the outstanding Series E Bonds all or any part of the principal, interest and premium, if any, on the Series E Bonds at the times and in the manner provided in the Bond Resolution and in the Series E Bonds, or as described in the following paragraph, or as otherwise provided by law consistent with the Bond Resolution, then such Owners will cease to be entitled to the obligation of the District and the County as provided in the Bond Resolution, and such obligation and all agreements and covenants of the District to such Owners under the Bond Resolution and under the Series E Bonds will thereupon be satisfied and discharged and will terminate, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by the Series E Bonds, but only out of monies on deposit in the Interest and Sinking Fund or otherwise held in trust for such payment; and provided further, however, that the provisions of the Bond Resolution described below under "— Unclaimed Monies" will apply in all events.

The District may pay and discharge any or all of the Series E Bonds by depositing in trust with the Paying Agent or an escrow agent selected by the District, at or before maturity, money or non-callable direct obligations of the United States of America (including zero interest bearing State and Local Government Series) or other non-callable obligations the payment of the principal of and interest on which is guaranteed by a pledge of the full faith and credit of the United States of America, in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the Interest and Sinking Fund, be fully sufficient to pay and discharge the indebtedness on such Series E Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates.

Unclaimed Monies

Any money held in any fund created pursuant to the Bond Resolution, or by the Paying Agent or an escrow agent in trust for the payment of the principal of, redemption premium, if any, or interest on the Series E Bonds and remaining unclaimed for two years after the principal of all of the Series E Bonds has become due and payable (whether by maturity or upon prior redemption) is required to be transferred to the Interest and Sinking Fund for payment of any outstanding bonds of the District payable from such fund; or, if no such bonds of the District are at such time outstanding, such monies is required to be transferred to the general fund of the District as provided and permitted by law.

Sources and Uses of Funds

The estimated sources and uses of funds in connection with the Series E Bonds are as follows:

Sources of Funds	
Principal Amount of Series E Bonds	$
[Net] Original Issue [Premium/Discount]	
Total Sources of Funds	$
Uses of Funds	
Building Fund	$
Debt Service Fund(1)	
Costs of Issuance(2)	
Total Uses of Funds	$

(1) Used to pay a portion of the interest on the Series E Bonds through August 1, 2025.*
(2) All costs of issuance related to the Series E Bonds, together with Purchaser's discount.

* *Preliminary, subject to change.*

DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service on the Series E Bonds, assuming there are no optional redemptions of the Series E Bonds:

Period Ending (August 1)	***Series E Bonds Annual Principal Payment***	***Series E Bonds Annual Interest Payment***	***Total***
	$	$	$
Total	$	$	$

The following table summarizes the aggregate annual debt service requirements for all of the District's outstanding general obligation bonds, assuming there are no optional redemptions of the Prior General Obligation Bonds (as defined herein) or the Series E Bonds:

HEMET UNIFIED SCHOOL DISTRICT
AGGREGATE ANNUAL DEBT SERVICE[(1)]

Date (August 1)	*Prior General Obligation Bonds[(1)]*	*The Series E Bonds*	*Total*
2025	$ 16,807,064.04		
2026	16,699,021.54		
2027	15,926,630.54		
2028	15,968,936.54		
2029	16,088,480.04		
2030	16,243,722.54		
2031	16,145,050.04		
2032	16,495,165.04		
2033	16,855,590.04		
2034	17,396,346.28		
2035	17,636,117.52		
2036	18,018,567.52		
2037	18,464,750.02		
2038	15,254,675.02		
2039	13,715,862.52		
2040	14,188,837.52		
2041	9,653,100.02		
2042	9,990,675.02		
2043	10,346,856.26		
2044	10,704,606.26		
2045	11,256,187.50		
2046	11,649,475.00		
Total	$325,505,716.82		

(1) Represents all outstanding general obligation bonds of the District prior to the issuance of the Series E Bonds.
Source: Municipal Advisor.

SECURITY FOR THE SERIES E BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The Series E Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by the County. The Board of Supervisors of the County is empowered and is obligated to annually levy *ad valorem* taxes for the payment of the Series E Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates).

Other Debt Payable from Ad Valorem Property Taxes. In addition to the Series E Bonds, there is other debt issued and to be issued by the District and other entities with jurisdiction in the District that is payable from *ad valorem* taxes levied on parcels in the District. The District currently has $234,580,000 principal amount (exclusive of accreted interest) of general obligation bonds outstanding (collectively, the

"Prior General Obligation Bonds"). Following the issuance of the Series E Bonds, the District will have a total of $265,580,000* principal amount (exclusive of accreted interest) of general obligation bonds outstanding.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into an interest and sinking fund for the Series E Bonds, which is maintained by the County and which is irrevocably pledged for the payment of principal of and interest on the Series E Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. The County has established a delinquency reserve and assumes responsibility for all secured delinquencies See "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—Tax Levies and Delinquencies."

Statutory Lien on Ad Valorem Tax Revenues. Under California law, voter approved general obligation bonds which are secured by *ad valorem* tax collections, including the Series E Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the Series E Bonds are executed and delivered. The lien is enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The Prior General Obligation Bonds are also payable solely from *ad valorem* property taxes levied on taxable property within the District to repay such bonds. The amount of the annual *ad valorem* tax levied to repay the Series E Bonds and the Prior General Obligation Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Series E Bonds and the Prior General Obligation Bonds in any year. Fluctuations in the annual debt service on the Series E Bonds and the Prior General Obligation Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate. These factors include a general market decline in real property values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the federal government, the State of California (the "State") and local agencies and property used for qualified educational, hospital, charitable or religious purposes), or the complete or partial destruction of taxable property caused by a natural or manmade disaster, such as earthquake, wildfire, flood or toxic contamination.

The assessed valuation of property in the District is $15,785,783,425 for fiscal year 2023-24, an increase of approximately 75.67% from fiscal year 2014-15. See "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—Historical Data Concerning District Tax Base." While the assessed valuation of property in the District has increased over recent years, future declines in real estate values in southern California, natural disasters, the departure of major taxpayers or other factors could result in lower assessed values in the District and in both a higher annual tax rate within the District and a higher level of delinquencies in tax payments. The County has adopted the Teeter Plan (defined below). As a result, the District's receipt of property taxes is not generally subject to delinquencies. See "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—*Ad Valorem* Property Taxation—*Teeter Plan*."

Economic and other factors beyond the District's control, such as general market decline in property values, the outbreak of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or

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* *Preliminary, subject to change.*

use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire (including wildfire), drought, flood, sea level rise, climate change, or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rates levied by the County to pay the debt service with respect to the Series E Bonds. See "THE SERIES E BONDS—Security and Sources of Payment" and "DISTRICT FINANCIAL MATTERS—Considerations Regarding COVID-19" herein.

Seismic Events. The District is located in a seismically active region. Active earthquake faults include the San Andreas and Elsinore Faults that run near the District. An earthquake of large magnitude could result in extensive damage to property within the District and could adversely affect the assessed valuation of property within the District, or more generally the region's economy.

Drought. California has experienced cyclical severe drought conditions over the past several years. Most recently, in April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. These drought emergencies were eventually expanded to include all California counties by October of 2021. Among other actions, the Governor also issued Executive Order N0-27-22, which directed the State Water Control Board to issue drought declarations, including a recommendation to have urban water suppliers initiate water shortage contingency plans. Significant snowfall and precipitation in the State commencing in January 2023 have generally eliminated most of the State's drought conditions. According to the U.S. Drought Monitor, portions of the State in the far north and lower south-west regions continue to classified in the abnormally to severe drought categories, however the majority of the State, including the County, is currently classified as having no drought conditions. In addition, on March 24, 2023, the Governor rescinded most of his emergency drought declarations, including Executive Order N0-27-22. The District cannot predict if there will be future drought conditions and related water usage restrictions imposed in the future.

Wildfires. Major wildfires have occurred in recent years in different regions of the State. The eastern areas of the District's boundaries are in a mountainous area which is more susceptible to wildfires. During fires in September 2022, the District lost an abandoned single portable classroom building in Simpson Park in the foothills south of Hemet High School. There has been no serious damage to District property from wildfires. However, serious and significant property damage has resulted in other areas of the County and the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates. Property damage due to wildfire could result in a significant decrease in the assessed value of property in the District.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods, heat waves, and rising sea levels. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District in unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

It is not possible for the District to make any representation regarding the extent to which natural disasters, including earthquakes, drought and wildfires could cause reduced economic activity within the boundaries of the District or the extent to which natural disasters may impact the value of taxable property within the District.

Building Fund

The proceeds from the sale of the Series E Bonds, to the extent of the principal amount thereof, will be paid to the County Treasury to the credit of the fund known as the building fund (the "Building Fund"), which will be accounted for as separate and distinct from all other District and County funds. The proceeds will be used solely for the purposes for which the Series E Bonds are being issued and for payment of permissible costs of issuance. Any excess proceeds of the Series E Bonds not needed for the authorized purposes for which the Series E Bonds are being issued shall be transferred to the Interest and Sinking Fund (as defined below) and applied to the payment of principal of and interest on the Series E Bonds. If, after payment in full of the Series E Bonds, there remains excess proceeds, any such excess amounts shall be transferred to the general fund of the District. Interest earnings on the investment of monies held in the Building Fund will be retained in the Building Fund.

Interest and Sinking Fund

Amounts to pay debt service on the Series E Bonds will be held in the fund created and established in the Bond Resolution and known as the interest and sinking fund (the "Interest and Sinking Fund") for the Series E Bonds, which will be established as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest and premium (if any) on the Series E Bonds will be deposited in the Interest and Sinking Fund by the County promptly upon the receipt. The Interest and Sinking Fund is pledged for the payment of the principal of and interest and premium (if any) on the Series E Bonds when and as the same become due. The County will transfer amounts in the Interest and Sinking Fund to the Paying Agent to the extent necessary to pay the principal of and interest and premium (if any) on the Series E Bonds as the same becomes due and payable.

If, after payment in full of the Series E Bonds, there remain any excess proceeds, any such excess amounts shall be transferred to the Interest and Sinking Fund for any outstanding general obligation bonds of the District, and if there are none, the County shall transfer such amounts to the District's general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Series E Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal and interest on the Series E Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Series E Bonds, the Series E Bonds are not a debt (or a pledge of the full faith and credit) of the County.

TAX BASE FOR REPAYMENT OF THE SERIES E BONDS

The information in this section describes *ad valorem* property taxation, assessed valuation, and other measures of the tax base of the District. The Series E Bonds are payable solely from *ad valorem* taxes levied and collected by the County on taxable property in the District together with other amounts in the Debt Service Fund. The District's General Fund is not a source for the repayment of the Series E Bonds.

***Ad Valorem* Property Taxation**

General. The collection of property taxes is significant to the District and the owners of the Series E Bonds in two respects. First, amounts allocated to the District from the general 1% *ad valorem* property tax levy, which is levied in accordance with Article XIIIA of the California Constitution and its implementing legislation, funds the District's budget which is used to operate the District's educational program. See

"DISTRICT FINANCIAL MATTERS—Revenue Sources" below. Second, the Board of Supervisors of the County will levy and collect *ad valorem* taxes on all taxable parcels within the District which *ad valorem* taxes are pledged specifically to the repayment of the Series E Bonds and the Prior General Obligation Bonds. All general obligation bonds of the District are issued on parity with one another and with the Series E Bonds. As described below, the general *ad valorem* property tax levy and the additional *ad valorem* property tax levy pledged to repay the Series E Bonds and the Prior General Obligation Bonds will be collected on the annual tax bills distributed by the County to the owners of parcels within the boundaries of the District.

Method of Property Taxation. Beginning in fiscal year 1978-79, Article XIIIA and its implementing legislation permitted each county to levy and collect all property taxes (except for levies to support prior voter approved indebtedness) and prescribed how levies on county-wide property values were to be shared with local taxing entities within each county. All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law, however, provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

For purposes of allocating a county's 1% base property tax levy, future assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, up to 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" sources from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year. The availability of revenue from growth in the tax bases in such entities may be affected by the existence of successor agencies to prior redevelopment agencies which, under certain circumstances, may be entitled to sources resulting from the increase in certain property values. State law exempts $7,000 of the assessed valuation of an owner-occupied principal residence. This exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes that would have been payable on such exempt values is made up by the State.

Taxes are levied for each fiscal year on taxable real and personal property which is situated in a county as of the preceding January 1. Real property which changes ownership or is newly constructed is revalued at the time the change in ownership occurs or the new construction is completed. The current year property tax rate will be applied to the reassessment, and the taxes will then be adjusted by a proration factor to reflect the portion of the remaining tax year for which taxes are due.

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 having a tax lien which is 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 if unpaid 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 becomes 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 is subject to sale by the Treasurer-Tax Collector of the county levying the tax.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. A county has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate 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) seizing and selling personal property improvements or possessory interests belonging or assessed to the delinquent taxpayer.

District Assessed Valuation. Both the general 1% *ad valorem* property tax levy and the additional *ad valorem* levy for the Series E Bonds and the Prior General Obligation Bonds are based upon the assessed valuation of the parcels of taxable property in the District. Property taxes allocated to the District are collected by the County at the same time and on the same tax rolls as are county, city and special district taxes. The assessed valuation of each parcel of property is the same for both District and county taxing purposes. The valuation of secured property by the County is established as of January 1, and is subsequently equalized in September of each year, when tax bills are mailed to property owners.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an 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. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be 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 XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

A second type of assessment appeal involves a challenge to the base year value of an assessed 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.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or filed in the future will not significantly reduce the assessed valuation of property within the District.

Taxation of State-Assessed Utility Property. A portion of property tax revenue of the District is derived from utility property subject to assessment by the State Board of Equalization. State-assessed property, or "unitary property," is property of a utility system with components located in many taxing jurisdictions that are assessed as part of a "going concern" rather than as individual pieces of real or personal property. The assessed value of unitary and certain other state-assessed property is allocated to the counties by the State Board of Equalization, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Teeter Plan. The County has implemented an alternative method for the distribution of secured property taxes to local agencies, known as the "Teeter Plan." The Teeter Plan provisions are now set forth in Sections 4701 to 4717 of the California Revenue and Taxation Code. Upon adoption and implementation of this method by a county board of supervisors, local agencies for which the county acts as "bank" and certain other public agencies and taxing areas located in the county receive annually the full amount of their share of property taxes on the secured roll, including delinquent property taxes which have yet to be collected. While a county benefits from the penalties associated with these delinquent taxes when they are paid, the Teeter Plan is intended to provide participating local agencies with stable cash flow and the elimination of collection risk.

To implement a Teeter Plan, the board of supervisors of a county generally must elect to do so by July 15 of the fiscal year in which it is to apply. As a separate election, a county may elect to have the Teeter Plan procedures also apply to assessments on the secured roll. The Board of Supervisors of the County has adopted the Teeter Plan and has elected to include school districts in its Teeter Plan. Thus, the County's Teeter Plan applies to the District.

Once adopted, a county's Teeter Plan will remain in effect in perpetuity unless the board of supervisors orders its discontinuance or unless prior to the commencement of a fiscal year a petition for discontinuance is received and joined in by resolutions of the governing bodies of not less than two-thirds of the participating districts in the county. An electing county may, however, opt to discontinue the Teeter Plan with respect to any levying agency in the county if the board of supervisors, by action taken not later than July 15 of a fiscal year, elects to discontinue the procedure with respect to such levying agency and the rate of secured tax delinquencies in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured roll by that agency. Although the rate of delinquency for a variety of local agencies, including the District, has exceeded the 3% delinquency threshold from time to time, the County has never discontinued the Teeter Plan with respect to any levying agency.

Upon making a Teeter Plan election, a county must initially provide a participating local agency with 95% of the estimated amount of the then accumulated tax delinquencies (excluding penalties) for that agency. In the case of the initial year distribution of assessments (if a county has elected to include assessments), 100% of the assessment delinquencies (excluding penalties) are to be apportioned to the participating local agency which levied the assessment. After the initial distribution, each participating local agency receives annually 100% of the secured property tax levies to which it is otherwise entitled, regardless of whether the county has actually collected the levies.

If any tax or assessment which was distributed to a Teeter Plan participant is subsequently changed by correction, cancellation or refund, a pro rata adjustment for the amount of the change is made on the records of the treasurer and auditor of the county. Such adjustment for a decrease in the tax or assessment is treated by the County as an interest-free offset against future advances of tax levies under the Teeter Plan.

The District is not aware of any intention on the part of the County, or formal actions taken thereby, to terminate the Teeter Plan, as now in effect in the County. There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See "DISTRICT FINANCIAL MATTERS —Considerations Regarding COVID-19."

Historical Data Concerning District Tax Base

The information provided in Tables 1 through 6 below has been provided by California Municipal Statistics, Inc. Neither the District nor the Purchaser has independently verified this information and does not guarantee its accuracy.

Property within the District has a total assessed valuation for fiscal year 2023-24 of $15,785,783,425. Table 1A below provides the seven-year history of assessed valuations in the District. Table 1B provides the fiscal year 2023-24 assessed valuation within the District by jurisdiction.

Table 1A
HEMET UNIFIED SCHOOL DISTRICT
Assessed Valuations
Fiscal Year 2014-15 through 2023-24

Fiscal Year	*Local Secured*	*Utility*	*Unsecured*	*Total*	*% Change*
2014-15	$ 8,855,047,829	$ 284,140	$182,274,579	$ 9,037,606,548	--%
2015-16	9,168,277,185	284,140	199,202,375	9,367,763,700	3.7
2016-17	9,660,507,844	284,140	190,889,434	9,851,681,418	5.2
2017-18	10,205,455,774	284,140	196,166,562	10,401,906,476	5.6
2018-19	10,845,633,349	1,606,318	249,079,289	11,096,318,956	6.7
2019-20	11,390,313,469	1,606,318	212,689,720	11,604,609,507	4.6
2020-21	11,975,532,201	1,606,318	211,101,843	12,188,240,362	5.0
2021-22	12,666,095,898	1,606,318	208,820,788	12,876,523,004	5.6
2022-23	14,054,859,149	1,607,487	211,835,084	14,268,301,720	9.8
2023-24	15,544,822,584	1,607,487	239,353,354	15,785,783,425	10.6

Source: California Municipal Statistics, Inc.

Table 1B
HEMET UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2023-24

Jurisdiction:	*Assessed Valuation in School District*	*% if School District*	*Assessed Valuation of Jurisdiction*	*% of Jurisdiction in School District*
City of Hemet	$ 7,918,507,246	50.16%	$ 8,208,819,936	96.46%
City of San Jacinto	436,047,397	2.76	4,539,256,645	9.61
Unincorporated Riverside Co.	7,431,228,782	47.08	64,788,582,615	11.47
Total District	$ 15,785,783,425	100.00%		
Riverside County	$ 15,785,783,425	100.00%	$396,777,696,138	3.98%

Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

Table 2 summarizes the annual secured tax levy within the District for its outstanding general obligation bonds and the amount delinquent as of June 30 for the last five fiscal years. Such information for fiscal year 2023-24 is not yet publicly available. Under the terms of the Teeter Plan, the District is paid 100% of the secured tax levy each year by the County and the County takes responsibility for collecting delinquencies and keeps penalties and interest. See "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—*Ad Valorem* Property Taxation—*Teeter Plan*."

Table 2
HEMET UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies for Prior General Obligation Bonds
Fiscal Years 2018-19 through 2022-23

Fiscal Year	*Secured Tax Charge*[(1)]	*Amount Delinquent June 30*	*% Delinquent June 30*
2018-19	10,973,170.22	343,797.51	3.13
2019-20	13,076,438.18	424,466.04	3.25
2020-21	14,058,597.96	320,274.80	2.28
2021-22	15,417,743.32	396,723.87	2.57
2022-23	16,778,953.20	461,276.50	2.75

(1) Reflects the debt service levy for the District's Prior General Obligation Bonds.
Source: California Municipal Statistics, Inc.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 6-001) within the District for fiscal years 2019-20 through 2023-24.

Table 3
HEMET UNIFIED SCHOOL DISTRICT
Typical Total Tax Rates per $100 of Assessed Valuation (TRA 6-001)[(1)]
Fiscal Years 2019-20 through 2023-24

	2019-20	*2020-21*	*2021-22*	*2022-23*	*2023-24*
General Tax Rate	$1.00000	$1.00000	$1.00000	$1.00000	$1.00000
Hemet Unified School District	0.11571	0.11876	0.12323	0.12000	0.12000
Mount San Jacinto CCD	0.01320	0.01320	0.01320	0.01320	0.01320
Metropolitan Water District	0.00350	0.00350	0.00350	0.00350	0.00350
Total Tax Rate	$1.13241	$1.13546	$1.13993	$1.13670	$1.13670

(1) 2023-24 assessed valuation of TRA 6-001 is $816,785,360 which is 5.17% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Largest Taxpayers

Table 4 below lists the 20 largest secured property taxpayers within the District measured by local secured assessed valuation for fiscal year 2023-24.

Table 4
HEMET UNIFIED SCHOOL DISTRICT
Twenty Largest Fiscal Year 2023-24 Local Secured Property Taxpayers

	Property Owner	*Primary Land Use*	*Fiscal Year 2023-24 Assessed Valuation*	*% of Total*[(1)]
1.	TIG Devonshire	Apartments	$ 55,833,047	0.36%
2.	PHH Real Estate	Medical Facilities	51,030,176	0.33
3.	Freedom Prop Hemet	Assisted Living	48,388,470	0.31
4.	Granite Village West LP	Shopping Center	48,372,617	0.31
5.	Wal-Mart Real Estate Business Trust	Commercial	37,782,948	0.24
6.	FFLP CC	Mobile Home Park	34,935,465	0.22
7.	DHIR-Heritage Place	Residential Development	31,572,000	0.20
8.	551 N Santa Fe St	Apartments	31,535,352	0.20
9.	CBYW Hemet	Assisted Living	28,969,985	0.19
10.	KPC Towne Center	Commercial	28,263,808	0.18
11.	MCS Hemet Valley Center	Shopping Center	27,685,130	0.18
12.	James J. Femino	Commercial	25,056,943	0.16
13.	Jianna Properties Inc.	Shopping Center	24,720,801	0.16
14.	Zen Diamond 177	Apartments	24,327,000	0.16
15.	Evria	Apartments	23,460,650	0.15
16.	Amberwood Villa 17	Apartments	22,875,759	0.15
17.	Shadow Canyon Hemet	Apartments	21,155,255	0.14
18.	Walgreen Co.	Commercial	19,241,602	0.12
19.	0312 Ramona Apts	Apartments	18,517,536	0.12
20.	200 CC Holdings	Auto Dealership	18,243,129	0.12
			$ 621,967,673	4.00%

(1) Fiscal Year 2023-24 local secured assessed valuation: $15,544,822,584.
Source: California Municipal Statistics, Inc.

Land Use within the District

Table 5 describes the District's land use by type in fiscal year 2023-24, which reflects that 90.93% of the total local secured assessed valuation is for residential property and 9.07% for non-residential property.

Table 5
HEMET UNIFIED SCHOOL DISTRICT
Fiscal Year 2023-24 Secured Assessed Valuation and Parcels by Land Use

	Fiscal Year 2023-24 Assessed Valuation[1]	*% of Total*	*No. of Parcels*	*% of Total*
Non-Residential:				
Agricultural/Rural	$ 612,162,891	3.94%	3,011	4.68%
Commercial/Office	1,545,218,481	9.94	1,162	1.81
Vacant Commercial	208,604,041	1.34	750	1.17
Industrial	117,972,400	0.76	222	0.34
Vacant Industrial	109,470	0.00	1	0.00
Recreational	54,156,661	0.35	82	0.13
Government/Social/Institutional	14,839,005	0.10	105	0.16
Miscellaneous	52,059,079	0.33	501	0.78
Subtotal Non-Residential	$ 2,605,122,028	16.76%	5,834	9.07%
Residential:				
Single Family Residence	$ 9,929,450,623	63.88%	34,644	53.84%
Condominium	99,464,829	0.64	884	1.37
Mobile Home	1,335,352,326	8.59	13,880	21.57
Mobile Home Park	251,626,985	1.62	72	0.11
2-4 Residential Units	136,438,214	0.88	725	1.13
5+ Residential Units/Apartments	544,489,732	3.5	309	0.48
Miscellaneous Residential	237,965,686	1.53	777	1.21
Vacant Residential	404,912,161	2.6	7,225	11.23
Subtotal Residential	$12,939,700,556	83.24%	58,516	90.93%
Total	$15,544,822,584	100.00%	64,350	100.00%

(1) Local secured assessed valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation Per Parcel of Single Family Homes

Table 6 below shows the number of parcels with single family homes within certain ranges of assessed valuation in the District for fiscal year 2023-24.

Table 6
HEMET UNIFIED SCHOOL DISTRICT
Secured Assessed Valuation per Parcel of Single Family Homes
Fiscal Year 2023-24

	No. of Parcels	*Fiscal Year 2023-24 Assessed Valuation*	*Average Assessed Valuation*	*Median Assessed Valuation*
Single Family Residential	34,644	$9,929,450,623	$286,614	$264,882

2023-24 Assessed Valuation	*No. of Parcels(1)*	*% of Total*	*Cumulative % of Total*	*Total Valuation*	*% of Total*	*Cumulative % of Total*
$0 - $24,999	53	0.15%	0.15%	$ 904,773	0.01%	0.01%
$25,000 -$49,999	318	0.918	1.071	13,048,286	0.131	0.141
$50,000 - $74,999	1,012	2.921	3.992	64,077,635	0.645	0.786
$75,000 - $99,999	1,521	4.39	8.382	133,989,304	1.349	2.135
$100,000 - $124,999	1,610	4.647	13.03	181,929,756	1.832	3.967
$125,000 - $149,999	2,090	6.033	19.062	288,759,105	2.908	6.876
$150,000 - $174,999	2,359	6.809	25.872	384,336,381	3.871	10.746
$175,000 - $199,999	2,437	7.034	32.906	456,044,023	4.593	15.339
$200,000 - $224,999	2,269	6.549	39.456	481,675,955	4.851	20.19
$225,000 - $249,999	2,206	6.368	45.823	523,666,406	5.274	25.464
$250,000 - $274,999	2,445	7.057	52.881	641,350,199	6.459	31.923
$275,000 - $299,999	2,292	6.616	59.497	657,808,474	6.625	38.548
$300,000 - $324,999	2,075	5.989	65.486	647,269,987	6.519	45.067
$325,000 - $349,999	1,843	5.32	70.806	621,487,649	6.259	51.326
$350,000 - $374,999	1,484	4.284	75.089	538,022,005	5.418	56.744
$375,000 - $399,999	1,336	3.856	78.946	516,923,124	5.206	61.95
$400,000 - $424,999	1,216	3.51	82.456	500,783,688	5.043	66.993
$425,000 - $449,999	1,137	3.282	85.738	497,308,900	5.008	72.002
$450,000 - $474,999	1,004	2.898	88.636	463,761,439	4.671	76.672
$475,000 - $499,999	866	2.5	91.136	421,740,250	4.247	80.92
$500,000 and greater	3,071	8.864	100.000	1,894,563,284	19.080	100.000
	34,644	100.00%		$ 9,929,450,623	100.00%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

THE DISTRICT

Introduction

The District was established on July 1, 1966, as a result of the unification of the Alamos and Cottonwood Districts, the Hemet Valley Union School District and the Hemet Union High School District. The District covers approximately 650 square miles in the western part of the County of Riverside (the "County"). The City of Hemet, portions of the City of San Jacinto, and unincorporated areas of the County, including the communities of Idyllwild, Anza, Aguanga and Winchester are situated within the District's boundaries. Hemet is located approximately 45 miles west of Palm Springs, 75 miles north of San Diego, 65 miles east of Los Angeles and 35 miles southeast of Riverside.

For fiscal year 2024-25, the District's has budgeted for an enrollment of 22,295 students, not including charter school enrollment.

The District currently operates preschool centers at eleven school locations, thirteen elementary schools (transitional kindergarten through fifth grade), two elementary/middle schools (transitional kindergarten through eighth grade), four middle schools (sixth through eighth grade), four comprehensive high schools (one sixth through twelfth grade and three ninth through twelfth grade), one continuation high school (eleventh through twelfth grade), a science-based charter middle/high school (sixth through twelfth grade), an adult education center, a dual language academy (kindergarten through eighth grade), independent study programs, a home school program, and a hybrid learning program that offers a combination of online and in-person classes. The charter school is operated by the District and its financial activities are presented in the District's audited financial statements in the Charter School Special Revenue Fund.

See also Appendix D hereto for demographic and other statistical information regarding the City of Hemet and County.

Governing Board

The District is governed by a seven member Governing Board. Members are elected to four year terms.

Table 7
HEMET UNIFIED SCHOOL DISTRICT
Governing Board

Name	***Term Expires***
Jeremy Parsons, *President*	2026
Alfred Cordova, Jr., *Vice President*	2026
Patrick Searl, *Member*	2024
Jeffrey Slepski Ed.D., *Member*	2024
Stacey Bailey, *Member*	2024
Kenneth Prado, *Member*	2026
Horacio Valenzuela, *Member*	2026

Source: The District.

Superintendent and Administrative Personnel

The Superintendent of the District, appointed by the Governing Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. The names and backgrounds of the Superintendent and the Deputy Superintendent, Business Services are set forth below.

Christi Barrett, Superintendent. Christi Barrett, Ph.D., has served as Superintendent of the District since 2016, and is currently the longest tenured superintendent in the County. Prior to this role, Dr. Barrett served as the Assistant Superintendent, Human Resources for the Val Verde Unified School District, and before that, served as an Assistant Superintendent and a Principal in the Victor Elementary School District. Dr. Barrett has a Bachelor of Arts degree in Liberal Arts and a Masters degree in Special Education from the University of California, Riverside, and a Doctorate from Claremont Graduate University from the School of Educational Studies in the Urban Leadership program.

Darrin Watters, Deputy Superintendent, Business Services. Darrin Watters has been in school business since 2004. Mr. Watters has served as the Deputy Superintendent, Business Services since 2019. Prior to this role, Mr. Watters served as the Deputy Superintendent of Business Services of the Val Verde Unified School District and, before that, served as the Assistant Superintendent, Business Services for the Lake Elsinore Unified School District and also worked in the private sector as a consultant for California school districts on a variety of financial, facilities and demographic challenges they faced.

Employee Relations

In the fall of 1974, the State Legislature enacted a public school employee collective bargaining law known as the Rodda Act, which became effective in stages in 1976. The law provides that employees are to be divided into appropriate bargaining units which are to be represented by an exclusive bargaining agent.

The teachers of the District (certificated personnel) are represented by the Hemet Teachers' Association. The District and the certificated personnel are currently operating under a contract that expires on June 30, 2025.

For fiscal year 2023-24, the District employed 1,517.40 certificated employees with a total estimated annual payroll of approximately $183,437,167 (excluding statutory taxes and benefits) and has budgeted for 1,534.60 employees with a total budgeted payroll of approximately $192,692,682 (excluding statutory taxes and benefits) for fiscal year 2024-25. Table 8 below sets forth the number of certificated employees for each of the last five fiscal years and the budgeted amount for fiscal year 2024-25.

Table 8
HEMET UNIFIED SCHOOL DISTRICT
Certificated Employees

Fiscal Year	*Total Number of Employees*
2019-20	1,342.55
2020-21	1,399.44
2021-22	1,312.80
2022-23	1,441.70
2023-24	1,517.40
2024-25(1)	1,534.60

(1) Budgeted.
Source: The District.

The Association of Classified Employees is the exclusive bargaining agent for non-teaching (classified) personnel. The District and the classified employees are currently operating under a contract that expires on June 30, 2025.

For fiscal year 2023-24, the District employed 1,762.93 classified employees with a total estimated annual payroll of approximately $101,011,404 and has budgeted for 1,734.99 employees with a total budgeted payroll of approximately $103,145,810 (excluding statutory taxes and benefits) for fiscal year 2024-25. Table 9 below sets forth the number of classified employees for each of the last five fiscal years.

Table 9
HEMET UNIFIED SCHOOL DISTRICT
Classified Employees

Fiscal Year	*Total Number of Employees*
2019-20	1,456.90
2020-21	1,553.73
2021-22	1,346.32
2022-23	1,805.83
2023-24	1,762.93
2024-25[(1)]	1,734.99

(1) Budgeted.
Source: The District.

The District's management employees are not represented by a bargaining unit and are included in the amounts described above depending on whether the management employee is a certificated or classified employee.

Retirement Systems

This section contains certain information relating to the Public Employees' Retirement System ("PERS") and the State Teachers' Retirement System ("STRS"). The information is primarily derived from information publicly available from PERS and STRS, their independent accountants and their actuaries. Neither the District nor the Underwriter has independently verified the information regarding PERS and STRS and makes no representations nor expresses any opinion as to the accuracy of the information regarding PERS and STRS.

The comprehensive annual financial reports of PERS and STRS are available on their websites at www.calpers.ca.gov and www.calstrs.ca.gov, respectively. The PERS and STRS websites also contain the most recent actuarial valuation reports, as well as other information concerning benefits and other matters. The information on these websites is not incorporated by reference herein. The District cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

District Contributions to STRS and PERS and Net Pension Liability. District employees are members of two retirement systems, as described below. Certificated personnel are generally members of STRS and classified personnel are generally members of PERS.

The District's contribution to STRS was $28,060,759 in fiscal year 2022-23 and estimates that such contribution was $32,782,218 in fiscal year 2023-24. The District has budgeted $35,613,910 as its contribution to STRS in fiscal year 2024-25. The foregoing amounts do not include on-behalf contributions towards STRS made by the State.

The District's contribution to PERS was $19,038,996 in fiscal year 2022-23 and estimates that such contribution was $24,418,069 in fiscal year 2023-24. The District has budgeted $27,648,203 as its contribution to PERS in fiscal year 2024-25. For additional information regarding the District's participation in STRS and PERS, see Note 14 to the District's Audited Financial Statements for fiscal year 2022-23 attached as Appendix B hereto.

GASB Statement Nos. 67 and 68. On June 25, 2012, the Governmental Accounting Standards Board ("GASB") approved Statement Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The Statements replaced GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: 1) the inclusion of unfunded pension liabilities on the government's balance sheet (such unfunded liabilities were typically included as notes to the government's financial statements); 2) more components of full pension costs being shown as expenses regardless of actual contribution levels; 3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; 4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and 5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB Statement No. 68, for pensions within the scope of Statement No. 68, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. In November 2013, GASB issued Statement No. 71 which addressed an issue in the transition provisions of GASB No. 68.

The reporting requirements under GASB Statement No. 68 for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014. As a result of implementing GASB No. 68 the District restated the beginning net position in its government-wide Statement of Net Position, effectively decreasing the net position as of July 1, 2014 by $168,578,6249. The District's net pension liability was $290,956,507 June 30, 2023, of which $152,499,529 was attributable to STRS and $138,456,978 was attributable to PERS.

The District's proportionate shares of the net pension liabilities, pension expense and deferred inflow of resources for STRS and PERS and a deferred outflow of resources for STRS and PERS, as of June 30, 2023, are as shown in the following table:

Pension Plan	*Collective Net Pension Liability*	*Collective Deferred Outflow of Resources*	*Collective Deferred Inflow of Resources*	*Collective Pension Expense*
STRS	$152,499,529	$41,713,951	$26,185,532	$14,033,688
PERS	138,456,978	46,515,818	5,746,375	17,206,086
Total	$290,956,507	$88,229,769	$31,931,907	$31,237,774

Source: The District.

For additional information regarding the District's participation in STRS and PERS, see Note 14 to the District's Audited Financial Statements for fiscal year 2022-23 attached as Appendix B hereto.

The District can make no representations regarding the future program liabilities of STRS or PERS, or whether the District will be required to make additional contributions to STRS and PERS in the future above those amounts currently projected as described below. See "DISTRICT FINANCIAL MATTERS — Considerations Regarding COVID-19" below for a discussion of certain events that may impact STRS and PERS and the District's required contributions to such pension plans.

STRS. All full-time certificated employees, as well as certain classified employees, are members of STRS. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is a multiple-employer defined benefit plan which is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employer, employee or State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), by June 30, 2046, by increasing member, K-14 school district and State contributions to STRS. Recent employee (member) contribution rates are set forth in the table below.

Table 10
MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	***STRS Members Hired Prior to January 1, 2013***	***STRS Members Hired After January 1, 2013***
July 1, 2014	8.15%	8.150%
July 1, 2015	9.20	8.560
July 1, 2016	10.25	9.205
July 1, 2017	10.25	9.205
July 1, 2018	10.25	10.205
July 1, 2019	10.25	10.205
July 1, 2020	10.25	10.205
July 1, 2021	10.25	10.205
July 1, 2022	10.25	10.205
July 1, 2023	10.25	10.205
July 1, 2024	10.25	10.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members (the "PEPRA Members") hired after January 1, 2013 (the "Implementation Date") will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. This adjustment does not apply to members (the "Classic Members") hired before the Implementation Date. For fiscal year commencing July 1, 2024, the contribution rate will be 10.250% for Classic Members and 10.205% for PEPRA Members, as shown above.

Pursuant to AB 1469, K-14 school districts' employer contribution rates have increased over a seven-year phase-in period in accordance with the schedule set forth in the table below.

Table 11
K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	*K-14 School Districts*[(1)]
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10
July 1, 2021	19.10
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10

(1) Percentage of eligible salary expenditures to be contributed.
Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' employer contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the State's fiscal year 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's fiscal year 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and 16.92% in fiscal year 2021-22. The employer contribution rate was 19.1% in fiscal years 2022-23 and 2023-24, and is 19.1% in fiscal year 2024-25.

The State also contributes to STRS in an amount equal to 8.328% for fiscal year 2024-25. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy. Once the State has eliminated its share of the STRS' unfunded actuarial obligation, the State contribution will be immediately reduced to the base contribution rate of 2.017% of payroll.

In addition, the State is currently required to make an annual General Fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the California Public Classified employees working four or more hours per day are members of PERS. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2023 included 1,595 public agencies and 1,332 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The employer contribution rate was 25.37% in fiscal year 2022-23 and 26.68% in fiscal year 2023-24, and the employer contribution rate in fiscal year 2024-25 is 27.05%. Classic Members contribute at a rate established by statute, which is 7% in fiscal year 2023-24, while PEPRA Members contribute at an actuarially determined rate, which was 8% in fiscal year 2023-24. For the Schools Pool Actuarial Valuation as of June 30, 2023 (the "2023 PERS Actuarial Valuation"), expected to be released in the latter half of 2024, the total normal cost did not change by more than 1% relative to the basis currently in effect, therefore the PEPRA Member contribution rate will remain 8% in fiscal year 2024-25. See "—California Public Employees' Pension Reform Act of 2013" herein.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. STRS and PERS each maintain a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. The information presented in such financial reports and on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The table below summarizes information regarding the recent actuarially-determined accrued liability for both STRS and PERS (Schools Pool). Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Table 12
Funded Status
STRS (Defined Benefit Program) and PERS (School Pool)
(Dollar Amounts in Millions)[1]
Fiscal Years 2016-17 through 2022-23

STRS

Fiscal Year	*Accrued Liability*	*Value of Trust Assets (MVA)[2]*	*Unfunded Liability (MVA)[3]*	*Value of Trust Assets (AVA)[4]*	*Unfunded Liability (AVA)[4][5]*
2016-17	$286,950	$197,718	$103,468	$179,689	$107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719
2021-22	346,089	283,340	85,803	257,537	88,552
2022-23	359,741	299,148	85,571	273,155	86,586

PERS

Fiscal Year	*Accrued Liability*	*Value of Trust Assets (MVA)[2]*	*Unfunded Liability (MVA)[3]*	*Value of Trust Assets (AVA)*	*Unfunded Liability (AVA)*
2016-17	$ 84,416	$60,865	$23,551	--[6]	--[6]
2017-18	92,071	64,846	27,225	--[6]	--[6]
2018-19[7]	99,528	68,177	31,351	--[6]	--[6]
2019-20[8]	104,062	71,400	32,662	--[6]	--[6]
2020-21	110,507	86,519	23,988	--[6]	--[6]
2021-22	116,982	79,386	37,596	--[6]	--[6]
2022-23	124,924	84,292	40,632	--[6]	--[6]

(1) Amounts may not sum to totals due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Unfunded Liability (MVA) is equal to the Accrued Liability column minus the Value of Trust Assets (MVA) column minus the amount deposited in the Supplemental Benefits Maintenance Account reserve, which is not available to provide benefits under the STRS Defined Benefit Program.
(4) Based on actuarial value of assets.
(5) Unfunded Liability (AVA) is equal to the Accrued Liability column minus the Value of Trust Assets (AVA) column.
(6) Effective with the June 30, 2014 valuation, PERS no longer uses an actuarial valuation of assets.
(7) For fiscal year 2020-21, the State made an additional $430 million contribution pursuant to Assembly Bill 84/Senate Bill 111 (“AB 84”), which additional contribution did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.
(8) For fiscal year 2021-22, the impact of the additional $330 million State contribution made pursuant to AB 84 was directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.
Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect members’ increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2007, through June 30, 2022) (the "2024 Experience Analysis"), on January 10, 2024, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2023 (the "2023 STRS Actuarial Valuation"). The payroll growth assumption was decreased to 3.25% from 3.50% due to the projected need for fewer teachers due to projected declining enrollment in the State over the next 20 years, while the following actuarial assumptions remained unchanged since the prior Experience Analysis: (i) long-term investment return (7.0%) and (ii) price inflation (2.75%). Certain demographic assumptions were also updated, including changing the assumed life expectancy of STRS retirees to more closely reflect recent trends. The 2023 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

The 2023 STRS Actuarial Valuation reports that, based on an actuarial value of assets, the unfunded actuarial obligation decreased by approximately $ 1.966 billion since the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2022 (the "2022 STRS Actuarial Valuation"), and the funded ratio increased by 1.50% to 75.9% over such time period. The main reason for the increase in the funded ratio were the expected year-to-year change due to contributions received to pay down the unfunded actuarial accrued liability and the new actuarial assumptions (primarily the mortality assumption change) that were adopted for use in the 2023 STRS Actuarial Valuation. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a small decrease in the surplus (a negative unfunded actuarial obligation) for the Unallocated UAO from $359 million as of June 30, 2022 to $356 million as of June 30, 2023.

According to the 2023 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2044 of 100.7%. This finding assumes adjustments to contribution rates in line with the funding plan and STRS Board policies, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On November 2, 2023, STRS released its 2023 Review of Funding Levels and Risks (the "STRS 2023 Review of Funding Levels and Risks"), which is based on the 2022 STRS Actuarial Valuation and reflects all relevant changes that have occurred since 2022 STRS Actuarial Valuation, including the investment return for the 2022-23 fiscal year. The key results and findings noted in the STRS 2022 Review of Funding Levels and Risks were that (i) current contribution rates for the State and employers are still projected to be sufficient to allow both the State and the employers to eliminate their share of the STRS unfunded actuarial obligation by 2046; contribution rate increases are not expected to be needed for fiscal year 2024–25, (ii) The State remains well ahead of schedule to eliminate its share of the STRS unfunded actuarial obligation (currently projected to be eliminated in 2028), (iii) the largest risk facing STRS' ability to reach full funding remains investment-related risk, especially considering the Defined Benefit Program continues to mature, which will increase the system's sensitivity to investment experience and the State's share of the unfunded actuarial obligation could quickly increase if STRS were to experience a year in which the investment return is significantly below the assumed rate of return, (iv) the Department of Finance is currently projecting decreases in enrollment in K–12 public schools which could lead to future declines in the size of the active membership, resulting in lower than anticipated payroll growth, which could negatively impact STRS' ability to achieve full funding, requiring contribution rate increases, especially for employers, while also potentially impacting the ongoing appropriateness of STRS' 3.5% payroll growth assumption, (v) a recession resulting in a period of low investment returns coupled with a decline in the size of the active membership could hurt STRS' ability to reach full funding; however, by having a funding plan in place, STRS remains in a favorable position to be able to react to a future recession and keep the funding plan on track, and (vi) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term. Uncertain investment markets and payroll growth could put pressure on STRS' ability to meet some of its long-term actuarial assumptions. In addition, with respect to investment related risks, the STRS 2022 Review of Funding Levels and Risks notes that once the State's supplemental contribution rate is reduced to zero (as discussed above), if it were ever needed to be increased again, the STRS Board will be limited to increases of only 0.5% of payroll each year, which could take the STRS Board years before it is able to increase the rate to the levels necessary to reduce any newly realized unfunded actuarial obligation.

The STRS 2023 Review of Funding Levels and Risks notes that, after the sharp decline in the number of active teachers during the COVID-19 pandemic, the total number of active members has increased for the last two years, returning to levels not seen since 2009. The total payroll increased by more than 6% over the last fiscal year, resulting in STRS collecting approximately $175 million more in contributions from employers than anticipated in fiscal year 2022–23. The STRS 2023 Review of Funding Levels and Risks notes that a likely contributor to the decline in active membership during the COVID-19 pandemic was the higher-than expected retirements STRS experienced in fiscal year 2020–21 and the uncertainties related to the pandemic. Over the next decade, the number of teachers eligible to retire is expected to increase. By 2030, STRS projects there will be 115,000 active teachers above the age of 55. This can be explained in part by the significant increase in the number of active teachers in California during the 1990s. Between the years 1990 and 2000, the number of active teachers who were members of the Defined Benefit Program increased from approximately 300,000 to 420,000. Most of those teachers hired in that decade are either currently eligible to retire or will become eligible to retire in the next few years. As a result, retirements from active teachers are expected to increase significantly over the next five to ten years. Although an increase in retirements does not necessarily impact long-term funding, if schools do not replace the teachers who retire in the future, that could result in a reduction in the overall number of teachers and impact STRS' ability to reach full funding by 2046. An area of particular concern related to payroll growth and the number of teachers in California is the decreasing population of students enrolled in K–12 public schools and those enrolled in community colleges in California. After being fairly steady between 2010 and 2020, California experienced a significant decline in enrollment in both K–12 public schools and community colleges starting in fiscal year 2020–21. Total enrollment in K–12 public schools in California dropped by about 310,000, or a 5% reduction, between fiscal year 2019–20 and fiscal year 2022–23. At the same time, the number of students enrolled at community colleges dropped by 310,000, or 20%, between the fall of 2019 and the fall of 2021 before rebounding a little bit and increasing by approximately 30,000 in the fall of 2022. Still, enrollment in community colleges is down 18%, or about 280,000, since 2019. The STRS 2023 Review of Funding Levels and Risks notes that if the anticipated reduction in enrollment results in a need for fewer teachers in California, it would impact the number of active teachers who participate in the Defined Benefit Program and ultimately the growth in payroll. The situation could worsen if school districts were to face budget issues and rely either on layoffs or hiring freezes, leaving positions vacant as teachers leave or retire to reduce budget pressure. In October 2023, the State of California updated its projection of K–12 enrollments for California. The updated projection assumes the number of children enrolled in K–12 public schools will continue to decline for the next 10 years. The most recent projection anticipates a decline of approximately 12% over the next 10 years. Compared to fiscal year 2019–20, this would represent a 16% reduction in K–12 enrollment.

On July 30, 2024, STRS reported a net return on investments of 8.4% for fiscal year 2023-24, ending with the total fund value of $341.4 billion as of June 30, 2024. The 2023-24 return keeps STRS on track long term, as the 5-,10-, 20-, and 30-year returns, all surpass the actuarial assumption of 7.0%, during a period of inflation, rising interest rates and geopolitical uncertainty. In its news release reporting the fiscal year 2023-24 investment return, STRS noted that it is ahead of schedule in reaching full funding by 2046.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The reduced discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%. On April 15, 2024, the PERS Board removed the automatic mechanism to reduce the discount rate and added a provision to the Funding Risk Mitigation Policy to bring an agenda item to the PERS Board for discussion if a funding risk mitigation event occurs.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts beginning in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of the COVID-19 pandemic. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate and approved adding 5% leverage to increase diversification. The new asset allocation took effect July 1, 2022 and will impact contribution rates for employers and PEPRA Members beginning in fiscal year 2022-23.

In November 2023, PERS released its 2023 Annual Review of Funding Levels and Risk (the "2023 PERS Funding Levels and Risk Report"), which provided a summary of the current funding levels of the system, the near-term outlook for required contributions and risks faced by the system in the near and long-term. The 2023 PERS Funding Levels and Risk Report concluded that over the last few years various external factors have had material impacts on the experience of the retirement system, including extreme investment experience (both favorable and unfavorable), a global pandemic and historically high levels of inflation. See "DISTRICT FINANCIAL MATTERS – Considerations Regarding COVID-19." The results presented in the 2023 PERS Funding Levels and Risk Report are based on the June 30, 2022 annual valuations, which have been projected forward to June 30, 2023 based on investment performance of 6.1% for the year ending June 30, 2023. With the slightly lower-than-expected investment returns for fiscal year 2022-23, the funded status of the Schools Pool increased from 67.9% as of June 30, 2022 to an estimated 69.0% as of June 30, 2023 as a result of employers making their unfunded accrued liability payments. The PERS Funding Levels and Risk Report notes that longevity and high near-term inflation are potentially material risks. Longevity refers to the potential of an individual to live longer than anticipated. This could be due to medical advancements, lifestyle choices and genetics, all of which have an impact on one's lifespan and increase the cost of projected benefits. Over the last few years, inflation has been significantly higher than the PERS long-term assumption of 2.3%. As a result, the most recent actuarial valuation of PERS plans as of June 30, 2022, showed most of PERS plans experienced actuarial losses attributable to inflation. These losses were directly related to higher-than-expected Cost of Living Adjustments to retiree benefits and in some cases, higher than expected pay increases to active members. The 2023 PERS Funding Levels and Risk Report notes that employer contributions are currently at relatively high levels due to large amounts of unfunded actuarial accrued liabilities and are projected to increase somewhat over the next 5 years, and, uncertainty within the economy suggests a near-term economic recession is a possibility. The 2023 PERS Funding Levels and Risk Report also notes the ability of employers to continue making required contributions to the system is the area of greatest concern to PERS.

On April 15, 2024, the PERS Board established the employer contribution rates for fiscal year 2024-25 and released information from the 2023 PERS Actuarial Valuation, ahead of its release date in the latter half of 2024. From June 30, 2022 to June 30, 2023, the funded status of the Schools Pool decreased by 0.4% (from 67.9% to 67.5%) and the unfunded accrued liability increased by approximately $3 billion. This deterioration in funded status was due primarily to greater-than-expected salary increases in fiscal year 2022-23. The average salary increase was 9.8% for members actively employed during the entire year ending June 30, 2023. Total reported payroll in fiscal year 2022-23 increased by 13.9% over the prior year, compared with 2.8% expected. This change, driven by a combination of active headcount growth and the salary increases, served to reduce the employer contribution rate for fiscal year 2024-25 by 1.74% of pay as the dollar amount of the unfunded liability contribution is divided by a larger payroll. Based on final June 30, 2023 assets, the money-weighted investment return for 2022-23 was 6.1%, generating an actuarial investment loss of $0.6 billion. This loss will be amortized over 20 years with a five-year ramp, increasing the employer contribution rate in fiscal year 2024-25 by 0.07% of pay. Due to the five-year ramp, this impact will increase each year until it reaches an estimated 0.33% of pay in fiscal year 2028-29. Assuming all actuarial assumptions are realized, including an assumed investment return of 6.80%, and no changes to assumptions, methods or benefits will occur during the projection period, along with the expected reductions in normal cost due to the continuing transition of active members from Classic Members to PEPRA Members, the projected contribution rate for fiscal year 2025-26 is 27.6%, with annual increases in certain years thereafter, resulting in a projected 28.8% employer contribution rate in fiscal year 2029-30. The actual investment return for fiscal year 2023-24 was not known at the time this projection was made. The projections above assume the investment return for that fiscal year will be 6.8%. If the actual investment return differs from 6.80%, the actual contribution requirements for the projected fiscal years will differ from those shown above.

On July 15, 2024, PERS reported a preliminary net return on investment of 9.3% for PERF in fiscal year 2023-24. When using the preliminary net return of 9.3% to assess long-term obligations, the overall estimated funded status of the PERF stands at 75%. As of June 30, 2024, assets were valued at $502.9 billion. The ending value of the PERF for fiscal year 2023-24 will be based on additional factors beyond investment returns, including employer and employee contributions, monthly payments to retirees, and various investment fees. PERS will review the portfolio's performance in the next few months to determine the final fiscal year returns for 2023-24. The final investment return for fiscal year 2023-24 will be reflected in contribution levels for the State and school district employers in fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increasing the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

Post-Employment Benefits

The District's governing board administers the Postemployment Benefits Plan (the "OPEB Plan"). The OPEB Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("OPEB") for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. At June 30, 2024, membership of the Plan consisted of 172 inactive employees or beneficiaries currently receiving benefits payments and 2,985 active employees.

The OPEB Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and a portion of the cost of such benefits is covered by the OPEB Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the OPEB Plan members and the District are established and may be amended by the District, the Hemet Teachers Association ("HTA"), the local California Service Employees Association ("CSEA"), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, HTA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid $959,751 in benefits.

In June 2015, GASB issued Statement 75, which replaced the requirements under the GASB Statement 45, which was previously used to report the District's post-employment benefits. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The primary objective of Statement 75 is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Statement 75 also improves information provided by state and local governmental employers about financial support for other post-employment benefit plans that is provided by other entities. Statement 75 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

More specifically, Statement 75 requires the liability of employers to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. Statement 75 requires the recognition of the total OPEB liability in the Statement of Net Position.

The District's most recent actuarial valuation report for the District OPEB Plan, dated June 30, 2024 (the "Valuation Report"), reflects the application of GASB Statement 75. Based on such actuarial valuation report, the total liability for the District OPEB Plan was $34,733,134 as of the June 30, 2024 measurement date. This amount represented the present value of all benefits projected to be paid by the District for current and future retirees. The Valuation Report further estimates that the District's OPEB expense for fiscal year 2023-24 was $2,705,987.

The District recognizes the post-employment health care benefits on a pay-as-you-go basis. The most recent actuarial valuation report for the District OPEB Plan did not provide an actuarially determined contribution for the District OPEB Plan (i.e. a contribution amount that is projected to fully fund the District OPEB Plan over a period of amortization). The District contributed $2,237,379 to the District OPEB Plan in fiscal year 2023-24. The changes in net District OPEB Plan liability as of June 30, 2024, are shown in the following table:

Total District OPEB Plan Liability	***June 30, 2024***
Service Cost	$ 2,237,379
Interest	1,228,762
Changes of Assumptions	(691,469)
Benefits Payments	(1,175,097)
Net Change in OPEB Liability	**1,599,575**
Total OPEB Liability, Beginning	**33,133,559**
Total OPEB Liability, Ending	**$ 34,733,134**

Source: District Actuarial Valuation Report dated July 29, 2024.

The District also participates in the Medicare Premium Payment program (the "MPP Program"), a cost-sharing multiple-employer post-employment benefit plan administered by STRS. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of STRS who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The MPP Program is closed to new entrants. In accordance with State law, the District funds its share of the MPP Program from a portion of the employer contribution to STRS. District payments to the MPP Program are funded on a pay-as-you-go basis. As a result of the implementation of GASB Statement 75, as described above, commencing with fiscal year 2017-18, the District presents the liability for the MPP Program in its audited financial statements. At June 30, 2023, the District reported a liability of $1,085,004 for its proportionate share of the net liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. The District's proportion of the net MPP Program liability was based on a projection of the District's long-term share of contributions to the MPP Program relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.3294 % and 0.3419%, respectively, resulting in a net decrease in the proportionate share of 0.0125%. For the year ended June 30, 2023, the District recognized MPP Program expense of $(278,520).

See Note 10 to the District's June 30, 2023 Financial Statements set forth in Appendix B hereto.

Insurance

The District is a member of the California Schools Employee Benefits Association ("CSEBA") and the Southern California Regional Liability Excess Fund ("SoCal ReLiEF"), each a joint powers authority (together, the "JPAs"). The relationship between the District and the JPAs is such that neither is a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in the District's financial statements; however, fund transactions between the JPAs and the District are included in the District's financial statements. Audited financial statements are separately available from the respective JPA.

During the year ended June 30, 2023, the District made payments of $33,088,677 and $2,479,078 to CSEBA and SoCal ReLiEF, respectively, for its health coverage and property liability.

See Note 13 to the District's June 30, 2023 Financial Statements set forth in Appendix B hereto.

Cybersecurity

The District, like 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 electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third-party entities or service providers will not impact the District and the owners of the Series E Bonds, including the possibility of impacting the timely payments of debt service on the Series E Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

DISTRICT FINANCIAL MATTERS

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles and are in accordance with the policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all State school districts.

The District generally adopts the Government Accounting Standards Board Statements for its financial reporting. Changes to the GASB Statements can result in changes in accounting principles which impact the District's financial reporting and results. See Note 1 to the District's June 30, 2023 Financial Statements set forth in Appendix B hereto for a discussion of significant accounting policies affecting the District.

District Budget

The District is required by provisions of the California Education Code to maintain each year a balanced budget in which the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry over fund balance from the previous year. The California State Department of Education imposes a uniform budgeting format for each school district in the State.

School districts must adopt a budget no later than June 30 of each year. The budget must be submitted to the County Superintendent of Schools (the "County Superintendent") within five days of adoption or by July 1, whichever occurs first. The budget is only readopted if it is disapproved by the County Superintendent, or as needed.

Upon receipt of an adopted budget, the County Superintendent will (a) examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance, (b) determine if the adopted budget allows the district to meet its current obligations, (c) determine if the adopted budget is consistent with a financial plan that will enable the district to meet its multi-year financial commitments, (d) determine whether the adopted budget includes the expenditures necessary to implement the local control and accountability plan or annual update thereto, and (e) determine whether the adopted budget includes a combined assigned and unassigned ending fund balance that exceeds the minimum recommended reserve for economic uncertainties. On or before September 15, the County Superintendent will approve, conditionally approve or disapprove the adopted budget for each school district.

If the County Superintendent determines that the adopted budget does not satisfy one or more of the requirements set forth in the preceding paragraph, the County Superintendent shall transmit recommendations regarding revisions to the adopted budget to the school district and the reasons therefor. The County Superintendent may assign a fiscal adviser to assist the school district to develop a budget in compliance with those revisions. In addition, the County Superintendent may appoint a committee to examine and comment on the review and recommendations, subject to the requirement that the committee report its findings to the County Superintendent no later than September 20.

If the adopted budget of a school district is conditionally approved or disapproved by the County Superintendent, on or before October 8, the governing board of the school district, in conjunction with the County Superintendent, shall review and respond to the recommendations of the County Superintendent at a regular meeting of the governing board of the school district. The response shall include any revisions to the adopted budget and other proposed actions to be taken, if any, as a result of those recommendations.

No later than October 22, the County Superintendent must notify the State Superintendent of Public Instruction (the "State Superintendent") of all school districts whose budget has been disapproved.

Upon receipt of a revised budget, the County Superintendent must determine whether the revised budget conforms to the standards and criteria applicable to final district budgets. If the revised budget is disapproved, the County Superintendent will call for the formation of a budget review committee pursuant to Education Code Section 42127.1, unless the governing board of the school district and the County Superintendent agree to waive the requirement that a budget review committee be formed and the department approves the waiver after determining that a budget review committee is not necessary.

If a budget review committee is appointed and recommends approval of the adopted budget, the County Superintendent shall accept the recommendation of the committee and approve the adopted budget.

If the budget review committee disapproves the adopted budget, the governing board of the school district, not later than five working days after the receipt of the report from the budget review committee, may submit a response to the Superintendent, including any revisions to the adopted budget and any other proposed actions to be taken as a result of the budget review committee's recommendations. Based upon these recommendations and any response thereto provided by the governing board of the school district, the Superintendent shall either approve or disapprove the revised budget. If the Superintendent disapproves the budget, he or she shall notify the governing board of the school district in writing of the reasons for that disapproval and, until the County Superintendent certifies the school district's First Interim Financial Report (as described below), the County Superintendent shall undertake the actions set forth in Section 42127.3.

Upon the grant of a waiver from the requirement to form a budget review committee, the County Superintendent immediately has the authority and responsibility provided in Section 42127.3. Upon approving a waiver of the budget review committee, the department shall ensure that a balanced budget is adopted for the school district by December 31. If no budget is adopted by December 31, the Superintendent may adopt a budget for the school district. The Superintendent shall report to the State Legislature and the Director of Finance by January 10 if any school district, including a school district that has received a waiver of the budget review committee process, does not have an adopted budget by December 31. This report shall include the reasons why a budget has not been adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has or will exercise his or her authority to adopt a budget for the school district.

Not later than November 8, the County Superintendent shall submit a report to the State Superintendent identifying all school district for which budgets have been disapproved or budget review committees waived.

Until a district's budget is approved, the district will operate on the lesser of its proposed budget for the current fiscal year or the last budget adopted and reviewed for the prior fiscal year.

After approving the districts' budgets, the County Superintendent will monitor, throughout the fiscal year, each school district under his or her jurisdiction pursuant to its adopted budget to determine on a continuing basis if the district can meet its current or subsequent year financial obligations. If a County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent may do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations, or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent must so notify the State Superintendent, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) develop and impose, also after consulting with the district's board, revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of any collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

At a minimum, school districts file with their County Superintendent and the State Department of Education a First Interim Financial Report by December 15 covering financial operations from July 1 through October 31 and a Second Interim Financial Report by March 15 covering financial operations from November 1 through January 31. Section 42131 of the Education Code requires that each interim report be certified by the school board as either (a) "positive," certifying that the district, "based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years," (b) "qualified," certifying that the district, "based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years," or (c) "negative," certifying that the district, "based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year." A certification by a school board may be revised by the County Superintendent. If either the First or Second Interim Report is not "positive," the County Superintendent may require the district to provide a Third Interim Financial Report covering financial operations from February 1 through April 30 by June 1. If not required, a Third Interim Financial Report is not prepared. Each interim report shows fiscal year to date financial operations and the current budget, with any budget amendments made in light of operations and conditions to that point. After the close of the fiscal year on June 30, an unaudited financial report for the fiscal year is prepared and filed without certification with the County Superintendent and the State Department of Education. The District has not received a qualified or negative certification on its interim reports within the past five years.

Pursuant to State law, the District adopted its fiscal year 2024-25 budget (the "2024-25 Adopted Budget") on June 18, 2024, which set forth revenues and expenditures such that appropriations during fiscal year 2024-25 were not projected to exceed the sum of revenues for such fiscal year plus the July 1, 2024 beginning fund balance. See "DISTRICT FINANCIAL MATTERS—Current Financial Condition" below.

State Funding of Education

School district revenues consist primarily of appropriated State moneys, local property taxes and funds received from the State in the form of categorical aid under ongoing programs of local assistance. All State aid is subject to the appropriation of funds in the State's annual budget.

Local Control Funding Formula. State Assembly Bill 97 (Stats. 2013, Chapter 47) ("AB 97"), enacted as part of the fiscal year 2013-14 State budget, established a new system for funding school districts, charter schools and county offices of education. Certain provisions of AB 97 were amended and clarified by Senate Bill 91 (Stats. 2013, Chapter 49).

The primary component of AB 97, as amended by SB 91, is the implementation of the Local Control Funding Formula ("LCFF"), which replaced the revenue limit funding system for determining State apportionments, as well as the majority of categorical program funding. State allocations are now provided on the basis of target base funding grants (a "Base Grant") per unit of average daily attendance ("ADA") assigned to each of four grade spans. Each Base Grant is subject to certain adjustments and add-ons, as discussed below. Full implementation of the LCFF occurred over a period of eight fiscal years. In each year, an annual transition adjustment was calculated for each school district, equal to such district's proportionate share of appropriations included in the State budget to close the gap between the prior-year funding level and the target allocation following full implementation of the LCFF. In each year, school districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

The Base Grants per unit of ADA for each grade span, as of the first year of the LCFF's implementation, were as follows: (i) $6,845 for grade K-3; (ii) $6,947 for grades 4-6; (iii) $7,154 for grades 7-8; and (iv) $8,289 for grades 9-12. During the implementation period of the LCFF, the Base Grants were adjusted for cost of living adjustments ("COLAs") by applying the implicit price deflator for government goods and services. The provision of COLAs is currently subject to appropriation for such adjustment in the annual State budget. The differences among Base Grants are linked to differentials in statewide average revenue limit rates by district type, and are intended to recognize the generally higher costs of education at higher grade levels.

The Base Grants for grades TK-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in early grades and the provision of career technical education in high schools. Following full implementation of the LCFF, and unless otherwise collectively bargained for, school districts serving students in grades TK-3 must maintain an average class enrollment of 24 or fewer students in grades TK-3 at each school site in order to continue receiving the adjustment to the TK-3 Base Grant. The District is satisfying the class enrollment criteria in fiscal year 2023-24. Such school districts must also make progress towards this class size reduction goal in proportion to the growth in their funding over the implementation period.

The LCFF also provides additional add-ons to school districts that received categorical block grant funding pursuant to the Targeted Instructional Improvement and Home-to-School Transportation programs during fiscal year 2012-13. The State budget for fiscal year 2021-22 also implemented a plan to expand the LCFF to include Transitional Kindergarten (TK) to all four-year olds. This plan is expected to phase in cohorts of TK students over a four-year period, concluding in fiscal year 2025-26. As a result, school districts that serve TK students will be eligible to receive an add-on equal to $2,813, multiplied by such district's second principal reporting period ADA for TK students for the current fiscal year. Beginning in fiscal year 2023-24, this add-on is subject to COLA adjustments to the same degree as LCFF Base Grants. For fiscal year 2024-25, the District has a budgeted ADA of 470.54 TK students.

School districts that serve students of limited English proficiency ("EL" students), students from low income families that are eligible for free or reduced priced meals ("LI" students) and foster youth are eligible to receive additional funding grants. Enrollment counts are unduplicated, such that students may not be counted as both EL and LI (foster youth automatically meet the eligibility requirements for free or reduced priced meals, and are therefore not discussed herein separately). AB 97 authorizes a supplemental grant add-on (each, a "Supplemental Grant") for school districts that serve EL/LI students, equal to 20% of the applicable Base Grant multiplied by such districts' percentage of unduplicated EL/LI student enrollment. School districts whose EL/LI populations exceed 55% of their total enrollment are eligible for a concentration grant add-on (each, a "Concentration Grant") equal to 65% of the applicable Base Grant multiplied by the percentage of such district's unduplicated EL/LI student enrollment in excess of the 55% threshold. The District expects to qualify for a Concentration Grant in fiscal year 2024-25.

Table 13 below shows a breakdown of the District's ADA by grade span, total enrollment, and the percentage of EL/LI student enrollment, for fiscal years 2020-21 through 2024-25.

TABLE 13
HEMET UNIFIED SCHOOL DISTRICT
ADA, Enrollment and EL/LI Enrollment Percentage
Fiscal Years 2020-21 through 2024-25

	Average Daily Attendance(1)					*Enrollment*	
Fiscal Year	*TK-3*	*4-6*	*7-8*	*9-12*	*Total ADA*	*Total Enrollment(2)*	*% of EL/LI Enrollment(2)*
2020-21	6,382.31	4,555.94	3,155.79	6,451.72	20,545.76	20,845	88.33%
2021-22	6,209.02	4,646.75	2,842.77	6,603.77	20,302.31	21,234	87.33%
2022-23	6,065.45	4,471.87	2,654.33	6,157.03	19,348.68	21,624	87.26%
2023-24	6,327.47	4,628.14	2,887.80	6,151.55	19,994.96	21,995	87.59%
2024-25	6,484.85	4,933.30	2,905.21	5,945.06	20,268.42	22,295	87.59%

(1) Reflects P-2 ADA. Because P-2 ADA for fiscal year 2024-25 will not be released until April 2025, Average Daily Attendance for fiscal year 2024-25 is projected. Includes District's share of ADA in County funded charter schools.
(2) As of October report submitted to the California Basic Educational Data System (CBEDS). For purposes of calculating Supplemental and Concentration Grants, a school district's percentage of unduplicated EL/LI students will be based on a rolling average of such district's EL/LI enrollment for the then-current fiscal year and the two immediately preceding fiscal years. Enrollment for fiscal year 2024-25 is projected.
Source: The District.

For certain school districts that would have received greater funding levels under the prior revenue limit system, the LCFF provides for a permanent economic recovery target ("ERT") add-on, equal to the difference between the revenue limit allocations such districts would have received under the prior system in fiscal year 2020-21, and the target LCFF allocations owed to such districts in the same year. To derive the projected funding levels, the LCFF assumes the discontinuance of deficit revenue limit funding, implementation of a 1.94% COLA in fiscal years 2014-15 through 2020-21, and restoration of categorical funding to pre-recession levels. The ERT add-on will be paid incrementally over the implementing period of the LCFF.

Prior to fiscal year 2022-23, the sum of a school district's adjusted Base, Supplemental and Concentration Grants was multiplied by such district's P-2 ADA for the current or prior year, whichever is greater (with certain adjustments applicable to small school districts). The fiscal year 2022-23 State budget amended the LCFF calculation to allow the sum of a school district's adjusted Base, Supplemental and Concentration Grants to be multiplied by such district's P-2 ADA for the current year, prior year or average of three prior years, whichever is greater. The funding amount generated by this calculation, together with any applicable ERT or categorical block grant add-ons, will yield a district's total LCFF allocation. Generally, the amount of annual State apportionments received by a school district will amount to the difference between such total LCFF allocation and such district's share of applicable local property taxes. Most school districts receive a significant portion of their funding from such State apportionments. As a result, decreases in State revenues may significantly affect appropriations made by the Legislature to school districts.

Basic Aid or Community Funded School Districts. Certain school districts, known as "basic aid" districts, have allocable local property tax collections that equal or exceed such districts' total LCFF allocation, and result in the receipt of no State apportionment aid. Basic aid school districts receive only special categorical funding, which is deemed to satisfy the "basic aid" requirement of $120 per student per year guaranteed by Article IX, Section 6 of the State Constitution. The implication for basic aid districts is that the legislatively determined allocations to school districts, and other politically determined factors, are less significant in determining their primary funding sources. Rather, property tax growth and the local economy are the primary determinants. The District does not currently qualify as a basic aid district.

Accountability. Regulations adopted by the State Board of Education require that school districts increase or improve services for EL/LI students in proportion to the increase in funds apportioned to such districts on the basis of the number and concentration of such EL/LI students, and detail the conditions under which school districts can use supplemental or concentration funding on a school-wide or district-wide basis.

School districts are also required to adopt local control and accountability plans ("LCAPs") disclosing annual goals for all students, as well as certain numerically significant student subgroups, to be achieved in eight areas of State priority identified by the LCFF. LCAPs may also specify additional local priorities. LCAPs must specify the actions to be taken to achieve each goal, including actions to correct identified deficiencies with regard to areas of State priority. LCAPs are required to be adopted every three years, beginning in fiscal year 2014-15, and updated annually thereafter. The State Board of Education has adopted a template LCAP for use by school districts.

Support and Intervention. AB 97, as amended by SB 91, establishes a new system of support and intervention to assist school districts meet the performance expectations outlined in their respective LCAPs. School districts must adopt their LCAPs (or annual updates thereto) in tandem with their annual operating budgets, and not later than five days thereafter submit such LCAPs or updates to their respective county superintendents of schools. On or before August 15 of each year, a county superintendent may seek clarification regarding the contents of a district's LCAP (or annual update thereto), and the district is required to respond to such a request within 15 days. Within 15 days of receiving such a response, the county superintendent can submit non-binding recommendations for amending the LCAP or annual update, and such recommendations must be considered by the respective school district at a public hearing within 15 days. A district's LCAP or annual update must be approved by the county superintendent by October 8 of each year if the superintendent determines that (i) the LCAP or annual update adheres to the State template, and (ii) the district's budgeted expenditures are sufficient to implement the actions and strategies outlined in the LCAP. The District has adopted its LCAP for fiscal year 2024-25.

A school district is required to receive additional support if its respective LCAP or annual update thereto is not approved, if the district requests technical assistance from its respective county superintendent, or if the district does not improve student achievement across more than one State priority for one or more student subgroups. Such support can include a review of a district's strengths and weaknesses in the eight State priority areas, or the assignment of an academic expert to assist the district identify and implement programs designed to improve outcomes. Assistance may be provided by the California Collaborative for Educational Excellence, a state agency created by the LCFF and charged with assisting school districts achieve the goals set forth in their LCAPs. The State Board of Education has developed rubrics to assess school district performance and the need for support and intervention.

The State Superintendent is further authorized, with the approval of the State Board of Education, to intervene in the management of persistently underperforming school districts. The State Superintendent may intervene directly or assign an academic trustee to act on his or her behalf. In so doing, the State Superintendent is authorized (i) to modify a district's LCAP, (ii) impose budget revisions designed to improve student outcomes, and (iii) stay or rescind actions of the local governing board that would prevent such district from improving student outcomes; provided, however, that the State Superintendent is not authorized to rescind an action required by a local collective bargaining agreement.

Other State Sources. In addition to State allocations determined pursuant to the LCFF, the District receives other State revenues consisting primarily of restricted revenues designed to implement State mandated programs. Beginning in fiscal year 2013-14, categorical spending restrictions associated with a majority of State mandated programs were eliminated, and funding for these programs was folded into the LCFF.

Categorical funding for certain programs was excluded from the LCFF, and school districts will continue to receive restricted State revenues to fund these programs.

Other Sources. The federal government provides funding for several school district programs, including specialized programs such as Every Student Succeeds, special education programs, and programs under the Educational Consolidation and Improvement Act. In addition, a small part of a school district's budget is from local sources other than property taxes, including but not limited to interest income, leases and rentals, educational foundations, donations and sales of property.

Historical General Fund Financial Information

Table 14 below summarizes the District's Statement of General Fund Revenues, Expenditures and Changes in Fund Balance for fiscal years 2018-19 through 2022-23. The figures in Table 14 below are taken from the District's audited financial statements. See Appendix B—"District's 2022-23 Audited Financial Statements," for further detail on the District's financial condition as of June 30, 2023.

Table 14
HEMET UNIFIED SCHOOL DISTRICT
Summary of General Fund Revenues, Expenditures and Changes in Fund Balance

	2018-19 Audited	*2019-20 Audited*	*2020-21 Audited*	*2021-22 Audited*	*2022-23 Audited*
Revenue					
LCFF	$ 222,486,924	$ 232,038,906	$ 236,787,132	$ 257,863,755	$ 292,965,073
Federal sources	19,754,209	15,613,090	44,205,378	58,716,227	49,364,637
Other state sources	37,133,602	26,860,180	33,919,971	51,885,021	104,461,408
Other local sources	18,029,849	19,348,012	23,302,760	19,478,029	28,781,621
Total revenue	297,404,584	293,860,188	338,215,241	387,943,032	475,572,739
Expenses					
Instruction	174,783,632	171,218,761	174,254,879	188,515,151	207,775,245
Instruction-related services:					
Supervision of instruction	15,035,254	15,205,031	14,701,957	19,464,849	27,567,590
Library, media & technology	2,229,115	1,889,975	2,038,612	2,260,383	2,684,850
School site	20,114,913	19,835,260	19,549,997	21,594,328	23,174,424
Pupil services:					
Home-to-school transportation	7,316,451	7,936,514	3,616,224	6,143,474	7,379,620
Food services	314,204	57,710	142,059	446,459	649,425
All other pupil services	23,969,651	23,525,419	24,519,685	28,038,013	34,765,000
Administration:					
Data processing	3,952,159	3,998,566	7,676,042	8,557,812	4,401,048
All other administration	13,494,635	15,377,446	20,057,208	18,642,283	26,712,314
Plant services	25,868,123	26,110,381	23,080,847	28,292,378	32,585,430
Facility acquisition and construction	1,187,641	1,419,498	5,696,378	4,747,068	15,365,182
Ancillary services	2,271,732	2,188,424	1,413,474	2,319,635	2,497,749
Community services	92,149	91,400	27,118	74,232	127,536
Other outgo	--	137,155	362,772	94,501	407,024
Enterprise services	--	217	4,329,363	288,150	390,852
Debt service: principal	473,622	389,087	--	--	260,567
Debt service: Interest and other	22,459	--	--	--	2,209
Total Expenses	291,125,740	289,380,844	301,466,615	329,478,716	386,746,065
Revenues over(under) expenditures	6,278,844	4,479,344	36,748,626	58,464,316	88,826,674
Other Financing Sources (Uses)					
Transfers in	5,987,334	7,729,491	2,880,321	552,346	6,639,676
Other sources	--	--	--	--	303,845
Transfers out[(2)]	(4,401,746)	(4,212,818)	(3,907,323)	(21,213,599)	(4,476,626)
Total Other Financing sources (uses)	1,585,588	3,516,673	(1,027,002)	(20,661,253)	2,466,895
Net Change in Fund Balances	7,864,432	7,996,017	35,721,624	37,803,063	91,293,569
Fund Balance – beginning of year	31,472,035	39,336,467	47,332,484	83,054,108	120,857,171
Fund Balance at end of year	$ 39,336,467	$ 47,332,484	$ 83,054,108	$ 120,857,171	$ 212,150,740

Source: Hemet Unified School District Audited Financial Statements for fiscal years 2018-19 through 2022-23.

Table 15 below compares the District's final General Fund Adopted Budget to its General Fund actual revenues and expenditures (Budgetary Basis) for fiscal year 2021-22 and its final General Fund Adopted Budget to its General Fund actual revenues and expenditures (Budgetary Basis) for fiscal year 2022-23.

Table 15
HEMET UNIFIED SCHOOL DISTRICT
Comparison of General Fund Budgeted to General Fund Revenues and Expenditures for fiscal years 2021-22 and 2022-23

	2021-22		*2022-23*	
	Budget	*Actual*	*Budget*	*Actual*
REVENUES				
LCFF Sources	$ 246,389,324	$ 257,863,755	$ 273,803,640	$ 292,965,073
Federal Sources	18,324,042	58,716,227	36,106,148	49,364,637
Other State Sources	30,631,760	51,885,021	39,873,833	104,461,408
Other Local Sources	20,548,679	19,478,029	23,498,697	28,781,621
Total Revenues	$ 315,893,805	$ 387,943,032	$ 373,282,318	$ 475,572,739
EXPENDITURES				
Current:				
Certificated Salaries	$ 130,920,017	$ 136,820,452	$ 155,963,307	$151,605,544
Classified Salaries	55,007,469	50,652,075	65,871,080	63,624,149
Employee Benefits	75,892,246	75,086,214	94,953,069	85,686,949
Books and Supplies	37,294,222	18,163,594	18,414,687	18,280,296
Services and Other Operating Expenditures	60,450,470	44,197,539	46,872,308	51,112,519
Other Outgo	997,918	(863,126)	(766,228)	(240,970)
Capital Outlay	4,309,889	5,421,968	9,046,505	16,414,802
Debt Service				
Debt Service—Principal	2,236,351	--	2,224,362	260,567
Debt Service—Interest and Other	1,574,057	--	1,453,757	2,209
Total Expenditures	$ 368,682,639	$ 329,478,716	$ 394,032,847	$386,746,065
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ (52,788,834)	$ 58,464,316	$ (20,750,529)	$ 88,826,674
OTHER FINANCING SOURCES (USES)				
Transfers In	$ 4,839,729	$ 552,346	$ 6,532,151	$ 6,639,676
Other Sources	--	--	--	303,845
Transfers Out	--	(21,213,599)	(2,000,000)	(4,476,626)
Net Financing Sources (Uses)	$ 4,839,729	$(20,661,253)	$ 4,532,151	$ 2,466,895
Net Change in Fund Balances	$ (47,949,105)	$ 37,803,063	$(16,218,378)	$ 91,293,569
Fund Balance – Beginning	$ 83,054,108	$ 83,054,108	$ 120,857,171	$120,857,171
Fund Balances – Ending	$ 35,105,003	$ 120,857,171	$ 104,638,793	$212,150,740

Source: Hemet Unified School District Audited Financial Statements for fiscal years 2021-22 and 2022-23.

Table 16 below sets forth the District's General Fund balance sheet for the 2018-19 through 2022-23 fiscal years.

Table 16
HEMET UNIFIED SCHOOL DISTRICT
Summary of Combined General Fund Balance Sheet

	Audited 2018-19	*Audited 2019-20*	*Audited 2020-21*	*Audited 2021-22*	*Audited 2022-23*
ASSETS					
Deposits and Investments	$ 36,142,425	$ 26,545,178	$ 80,443,678	$121,761,001	$224,380,361
Receivables	10,822,733	37,020,785	29,677,602	46,079,813	46,698,429
Due From Other Funds	866,389	1,752,124	3,698,347	788,161	7,119,324
Stores Inventories	14,531	265,906	1,40,285	1,529,340	207,222
Total Assets	$ 194,035	$ 65,583,993	$115,219,912	$170,158,315	$278,406,336
LIABILITIES					
Accounts Payable	$ 7,482,620	$ 15,602,985	$ 6,093,662	$17,689,3398	$ 23,579,977
Due to Other Funds	634,157	2,028,489	843,466	17,801,821	5,536,845
Unearned Revenue	586,869	620,035	16,060,000	13,809,984	37,137,774
Total Liabilities	$ 8,703,646	$ 18,251,509	$ 9,168,676	$ 49,301,144	$ 66,254,596
FUND BALANCES					
Nonspendable	$ 221,336	$ 278,676	$ 1,423,055	$ 1,542,111	$ 219,992
Restricted	4,370,663	5,859,471	14,610,716	$32,098,595	89,769,520
Committed	--	--	35,038,746	39,666,954	68,612,620
Assigned	20,516,888	6,692,807	16,795,228	29,511,393	22,842,935
Unassigned	14,227,580	34,501,530	15,186,363	18,038,119	19,705,673
Total Fund Balances	$ 39,336,467	$ 47,332,484	$ 83,054,108	$120,857,171	$212,150,740
Total Liabilities and Fund Balances	$ 48,040,113	$ 65,583,993	$115,219,912	$170,158,315	$278,405,336

Source: Hemet Unified School District Audited Financial Statements for fiscal years 2018-19 through 2022-23.

Current Financial Condition

The District's financial condition is closely linked to the finances of the State and the State's finances are affected by the health of the State and national economies. In recent years the State has had budget surpluses and funding to K-12 schools has increased, including in the initial years following the onset of the COVID-19 pandemic. However, in the 2024-25 State Budget (as defined below), the State notes that it operated at a deficit in fiscal year 2023-24 and projects that it will operate at a budget deficit for the next several fiscal years. Future budget decisions by the State could have an adverse impact on the District's financial condition which could be material. See "STATE OF CALIFORNIA FISCAL ISSUES."

Table 17 below contains the difference between the District's adopted General Fund budget for fiscal year 2023-24 and the District's unaudited actual General Fund results for fiscal year 2023-24 (the "2023-24 Unaudited Actuals"). Table 17 also contains the District's 2024-25 Adopted Budget.

Table 17
HEMET UNIFIED SCHOOL DISTRICT
Comparison of 2023-24 Adopted General Fund Budget
to Unaudited Actual Results for Fiscal Year 2023-24; 2024-25 Adopted Budget

	Fiscal Year 2023-24 Adopted Budget	*Fiscal Year 2023-24 Unaudited Actuals*	*% Difference Between 2023-24 Budget and 2023-24 Unaudited Actuals*	*Fiscal Year 2024-25 Adopted Budget*
REVENUES				
LCFF Sources	$308,336,998	$ 311,188,102	0.9%	$ 317,450,279
Federal Revenue	33,910,950	45,828,279	35.1	22,531,488
Other State Revenue	56,500,003	71,210,812	26.0	62,505,775
Other Local Revenue	22,866,287	50,452,402	120.6	33,574,313
Total Revenues	$421,614,238	$ 478,679,596	13.5%	$ 436,061,855
EXPENDITURES				
Certificated Salaries	$173,210,792	$ 177,432,579	2.4%	$ 186,739,145
Classified Salaries	73,581,066	78,034,492	6.1	79,163,831
Employee Benefits	100,003,715	101,103,165	1.1	109,979,726
Books and Supplies	54,619,072	25,913,157	(52.6)	20,836,540
Services and Other Operating Expenditures	58,527,226	55,238,423	(5.6)	57,289,071
Capital Outlay	29,736,521	28,903,273	(2.8)	32,331,257
Other Outgo (excluding Transf. of Indirect Costs)	3,743,337	4,292,572	14.7	4,294,271
Other Outgo – Transfers of Indirect Costs	(745,980)	(676,198)	(9.4)	(981,506)
Total Expenditures	$492,675,749	$ 470,241,463	(4.6)%	$ 489,652,335
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	$ (71,061,511)	$ 8,438,133		$ (53,590,480)
OTHER FINANCING SOURCES/USES				
Interfund Transfers				
Transfers In	$ 6,074,389	$ 1,011,705		$ 828,743
Transfers Out	500,000	17,873,671		500,000
Total Other Financing Sources/Uses	$ 5,574,389	$ 18,885,375		$ 328,743
Net Increase (Decrease) in Fund Balance	$(65,487,122)	$ (8,423,833)		$ (53,261,737)
FUND BALANCE, RESERVES				
Beginning Fund Balance, July 1 – Unaudited	$171,498,764	$ 194,051,191		$ 176,800,290
Ending Balance, June 30	$106,011,642	$ 185,627,358		$ 123,538,553

Source: Hemet Unified School District Annual Budget Report for fiscal year 2023-24, 2023-24 Unaudited Actuals and 2024-25 Adopted Budget.

In its multi-year projections in the 2024-25 Adopted Budget, the District projects that General Fund expenditures, together with transfers out, will exceed revenues, together with transfers in, by $53,261,737 in fiscal year 2024-25, by $30,928,148 in fiscal year 2025-26 and by $21,093,133 in fiscal year 2026-27. In the aggregate, the District projects that General Fund expenditures, together with transfers out, will exceed revenues, together with transfers in, by approximately $105,283,018 through June 30, 2027 leaving a projected General Fund balance of $71,517,272 as of that date. The 2024-25 Adopted Budget projects no ADA growth from fiscal year 2024-25 through fiscal year 2026-27. If required, the District has a variety of cost-cutting measures that it believes it can implement in order to reduce General Fund expenses in future fiscal years, including reducing contracted services, increasing student attendance and right sizing non-classroom staffing.

State law requires the District to maintain a reserve for economic uncertainty equal to at least 3% of General Fund expenditures and other financing uses. The Board annually reauthorizes a formal economic reserve policy in which a minimum 5% reserve for economic uncertainty ("REU") for the District has been established. This level of reserves for economic uncertainty is an additional 2% above the statutory minimum reserve of 3% set by the State. The District is also required to demonstrate that available reserves for each of the next two fiscal years will equal or exceed the required amount. In the 2024-25 Adopted Budget, the District projects available reserves of 5.00% in each of fiscal years 2024-25 through 2026-27.

Under SB 858 (as defined below), and SB 751 (as defined below), the District's future reserves may be capped in certain fiscal years. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 2" and "STATE OF CALIFORNIA FISCAL ISSUES—General Overview—*School Reserves*." In fiscal year 2022-23, the reserve cap established by SB 751 was implemented for the first time, which required the District to cap its Assigned Reserves for such fiscal years, which the District was able to do. The District does not expect the SB 751 reserve cap to be implemented in fiscal year 2024-25. As the reserve cap provisions of SB 858 and SB 751 are dependent upon State budget actions, the District cannot predict in which future fiscal years the cap may apply.

For several fiscal years prior to fiscal year 2013-14 and in fiscal years 2016-17, 2019-20 and 2020-21, the State deferred the payment of certain revenues due to school districts to the following fiscal year. In accordance with State accounting standards, the District applies a modified accrual method of accounting and, accordingly, Tables 14 through 17 do not reflect any deferral of revenues to future fiscal years.

The District does not anticipate needing to borrow funds on a short-term basis in order to have adequate cash on hand to meet expenditures in the current fiscal year, though the District may borrow from internal funds or from the County Treasurer on a short-term basis, if needed. See "DISTRICT DEBT STRUCTURE—Short-Term Debt" herein.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the current novel coronavirus outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

State and Federal Response to COVID-19. The spread of COVID-19 had significant negative impacts throughout the world, including in the District. The World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the State, the United States and many local governments. The purpose behind these declarations was to coordinate and formalize emergency actions and across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

The District incurred both additional costs and savings due to COVID-19. As a result of State and federal actions, the District received a total of approximately $16.5 million in one-time federal and State moneys from various legislative sources in connection with the COVID-19 pandemic through fiscal year 2023-24 through various local, State and federal actions and programs. The District used those moneys for operations and continuity of services, and to offset all increased costs in such fiscal years caused by the COVID-19 pandemic, including staff training and professional development on sanitation and minimizing the spread of infectious disease, purchasing supplies to sanitize and clean the facilities, purchasing educational technology (hardware, software, and connectivity) for students, that aids in the regular and substantive educational interaction between students and their classroom teachers, mental health services and supports, summer learning and supplemental after-school programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care and discretionary funds for school principals to address the needs of their individual schools.

State law allows school districts to apply for a waiver to hold them harmless from the loss of LCFF funding based on attendance and state instructional time penalties when they are forced to close schools due to emergency conditions. In addition, the Governor of the State enacted Executive Order N-26-20 ("Executive Order N-26-20"), which (i) generally streamlines the process of applying for such waivers for closures related to COVID-19 and (ii) directs school districts to use LCFF apportionment to fund distance learning and high quality educational opportunities, provide school meals and, as practicable, arrange for the supervision of students during school hours. The District is in compliance with the provisions of Executive Order N-26-20.

Impact of COVID-19 on the District. As a result of the outbreak of COVID-19, the District closed its schools for in-person learning for the final four months of the 2019-20 school year and began instruction through distance learning. Since fiscal year 2021-22, the District has returned to providing in-person instruction.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction for students electing to attend school virtually and in the event that schools are closed again, declining enrollment due to distance learning and other factors, increased costs of operating with students returning to school, disruption of the regional and local economy with corresponding decreases in tax revenues, including property tax revenue, sales tax revenue and other revenues, increases in tax delinquencies, potential declines in property values, and decreases in new home sales, and general impacts to real estate development. The economic consequences and the initial or future declines in the U.S. and global stock markets resulting from a recurrence of COVID-19 or the outbreak of a new pandemic, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates to STRS and PERS in future fiscal years. See also "THE DISTRICT—Retirement Systems" herein.

The future impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that a recurrence of COVID-19, or a future pandemic, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, State and national economies or the assessed valuation of property within the District, or adversely impact enrollment or ADA within the District and materially adversely impact the financial condition or operations of the District or the credit rating on the District's debt obligations. See also "TAX BASE FOR REPAYMENT OF THE SERIES E BONDS—Historical Data Concerning District Tax Base" herein.

Revenue Sources

The District categorizes its General Fund revenues into four sources: (1) State apportionment sources (this was funded from revenue limit sources through fiscal year 2012-13 and thereafter pursuant to the LCFF); (2) federal sources; (3) other State sources; and (4) other local sources. Each of these revenue sources is described below.

State Apportionment Funding

The District received $292,965,073 from LCFF sources, in fiscal year 2022-23, representing 61.6% of its General Fund revenues. The District estimates that it received $311,188,102 in fiscal year 2023-24 from LCFF Sources, representing 64.9% of its General Fund revenues. In its 2024-25 Adopted Budget, the District budgeted for the receipt of $317,450,279 from LCFF sources in fiscal year 2024-25, representing 72.8% of its General Fund revenues.

Federal Revenues

The federal government provides funding for several District programs, including special education programs, programs under the Educational Consolidation and Improvement Act, and specialized programs such as Drug Free Schools. The federal revenues, all of which are restricted, comprised approximately 10.4% of General Fund revenues in fiscal year 2022-23 and is estimated to have comprised approximately 9.6% of

General Fund revenues in fiscal year 2023-24. In its 2024-25 Adopted Budget, federal revenues are budgeted to be approximately 5.2% of General Fund revenues in fiscal year 2024-25.

Other State Sources

In addition to State apportionment funding discussed above, the District receives other State revenues ("Other State Sources"). In fiscal year 2022-23, Other State Sources equaled approximately 21.7% of total General Fund revenues and in fiscal year 2023-24, Other State Sources are estimated to have equaled approximately 14.8% of total General Fund revenues. In fiscal year 2024-25, Other State Sources are budgeted to equal approximately 14.3% of total General Fund revenues.

Other Local Sources

In addition to property taxes, the District receives additional local revenue ("Other Local Revenue") from items such as the leasing of property owned by the District and interest earnings. These Other Local Sources (including tuition and transfers) equaled approximately 5.8% of the total General Fund revenues in fiscal year 2022-23 and are estimated to have equaled approximately 10.5% of the total General Fund revenues in fiscal year 2023-24. Other Local Sources are budgeted to equal approximately 7.7% of General Fund revenues in fiscal year 2024-25.

Capital Projects Funds

The District maintains a Capital Facilities Fund, separate and apart from the General Fund, to account for developer fees collected by the District. The District's developer fees may be utilized for any capital purpose related to growth. Separate and apart from the General Fund, the District also maintains a Special Reserve Fund for Capital Outlay to act as a reserve for Governing Board designated construction projects.

Collection of developer fees followed a formal declaration by the Governing Board which addressed the overcrowding of District schools as a result of new development. These fees are collected pursuant to certain provisions of the Education Code of the State. The square-foot amounts are periodically adjusted for inflation and the current developer fee is $5.17 per square foot of habitable space on domestic housing developments. The current developer fee on commercial/industrial developments (excluding self-storage) is $0.84 per square foot and the fee on self-storage construction is $0.34 per square foot. As of June 30, 2024, a balance of $40,857,453 existed in the District's Capital Facilities Fund, no balance existed in the County School Facilities Fund and a balance of $9,521,335 existed in the Special Reserve Fund for Capital Outlay. Except for amounts in the Special Reserve Fund for Capital Outlay, which may be expended on one-time non-capital costs other than salaries and benefits, the amounts in these funds are restricted to pay for capital improvements.

DISTRICT DEBT STRUCTURE

Long-Term Debt

As of June 30, 2023, the District had $317,676,277 of long-term debt outstanding for Governmental Activities, of which $252,580,000 (inclusive of accreted interest) was related to general obligation bonds. The District has not issued any additional general obligation bonds since that date.

A schedule of changes in long-term debt for Governmental Activities for the fiscal year ended June 30, 2023 is shown in Table 18 below. Table 18 does not include long-term debt in Business-Type Activities.

Table 18
HEMET UNIFIED SCHOOL DISTRICT
Long-Term Debt

Governmental Activities	*Balance July 1, 2022*	*Additions*	*Deductions*	*Balance June 30, 2023*	*Amount Due Within One Year*
General Obligation Bonds:	$231,110,000	$ 30,000,000	$ (8,530,000)	$ 252,580,000	$ 8,440,000
Certificates of Participation	38,410,000	--	(2,465,000)	35,945,000	2,625,000
Unamortized Debt Premiums	13,544,801	2,166,930	(1,105,430)	14,606,301	--
Unamortized Debt Discounts	(87,886)	--	11,272	(76,614)	--
Subscription-based IT Arrangements	319,852	303,845	(260,567)	363,130	261,490
Supplemental Early Retirement Plan	4,576,740	--	(1,144,185)	3,432,555	1,144,185
Compensated Absences	1,884,612	--	(1,247,837)	636,775	--
Claims Liability	8,927,764	2,785,602	(1,524,236	10,189,130	1,828,752
Subtotal	$298,685,883	$ 32,256,377	$ (16,265,983	$ 317,676,277	$ 14,299,427

Source: Hemet Unified School District Audited Financial Statements for fiscal year 2022-23.

Additional information regarding the long-term debt and its scheduled repayment is set forth in Note 9 to the District's 2022-23 Audited Financial Statements attached as Appendix B hereto.

Short-Term Debt

The District has no short-term debt outstanding and does not expect to issue any short-term debt in fiscal year 2024-25.

Direct and Overlapping Debt

Contained within the District are numerous overlapping local agencies providing public services. These local agencies have outstanding debt issued in the form of general obligation, lease revenue and special tax and assessment bonds. The direct and overlapping debt within the District is shown in Table 19 below. Tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds, and non-bonded capital lease obligations are excluded from the debt statement.

The information in the following table has been provided by California Municipal Statistics, Inc. Neither the District nor the Purchaser has independently verified this information and do not guarantee its accuracy.

Table 19
HEMET UNIFIED SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
As of September 1, 2024

2023-24 Assessed Valuation: $15,785,783,425

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 7/1/24
Metropolitan Water District	0.33%	$ 59,911
Mount San Jacinto Community College District	12.139	28,809,489
Hemet Unified School District	**100.000**	**234,580,000**(1)
Eastern Municipal Water District Improvement Districts	2.776–100.000	753,597
City of Hemet Community Facilities District No. 1999-1	100.000	4,340,000
Hemet Unified School District Community Facilities Districts	100.000	55,395,000
Eastern Municipal Water District, Community Facilities Districts	39.991-100.000	41,471,554
California Statewide Community Development Authority Community Facilities District No. 2018-2, I.A. 1	100.000	16,415,000
Riverside County Community Facilities District No. 03-1	49.709	3,178,891
Riverside County Assessment District No. 168	100.000	470,000
Lake Hemet Municipal Water District 1915 Act Bonds	100.000	740,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$386,213,442
OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	3.98%	$25,939,919
Riverside County Pension Obligation Bonds	3.978	26,683,827
Hemet Unified School District Certificates of Participation	**100.000**	**33,320,000**
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$85,943,746
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):		$ 17,186,863
COMBINED TOTAL DEBT		$489,344,051(2)

Ratios to Fiscal Year 2023-24 Assessed Valuation:
Direct Debt ($234,580,000).. 1.49%
Total Direct and Overlapping Tax and Assessment Debt 2.45%
Combined Direct Debt ($267,900,000) **................................ 1.70%**
Combined Total Debt.. 3.10%

Ratio to Redevelopment Incremental Valuation ($2,495,045,550):
Total Overlapping Tax Increment Debt 0.69%

(1) Excludes the Series E Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Series E Bonds are payable solely from the proceeds of an ad valorem tax levied by the County for the payment thereof. (See "SECURITY FOR THE SERIES E BONDS" herein.) Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 1A, 2, 22, 30, 39, 46, 98 and 111 and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Series E Bonds. The tax levied by the County for payment of the Series E Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.

Article XIIIA

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIIIA to the California Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under "full cash value," or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978, and (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition. In 2000, Article XIIIA was amended to allow for an increase in *ad valorem* taxes for bonded indebtedness incurred by a school district or community college district if approved by 55% or more of the votes cast. See "—Proposition 39" below.

Legislation enacted by the California Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) 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 school districts will share the growth of "base" revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. The District is unable to predict the nature or magnitude of future revenue sources that may be provided by the State to replace lost property tax revenues. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Unitary Property

Some amount of property tax revenue of the District may be derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the State Board of Equalization ("SBE") as part of a "going concern" rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

The California electric utility industry has been undergoing significant changes in its structure and in the way in which components of the industry are regulated and owned. Sale of electric generation assets to largely unregulated, nonutility companies may affect how those assets are assessed, and which local agencies are to receive the property taxes. The District is unable to predict the impact of these changes on any utility property tax revenues, or whether legislation may be proposed or adopted in response to industry restructuring, or whether any future litigation may affect ownership of utility assets or the State's methods of assessing utility property and the allocation of assessed value to local taxing agencies, including the District.

Article XIIIB

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the California Constitution. In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Article XIIIB of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the state to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The "base year" for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (a) if financial responsibility for providing services is transferred to the governmental entity, or (b) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIIIB include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIIIB do not include debt service on indebtedness existing or legally authorized as of January 1, 1979 on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified outlay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to any entity of government from (a) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (b) the investment of tax revenues and (c) certain State subventions received by local governments. Article XIIIB includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for local governments in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the local government's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction. The measurement of change in population is a blended average of statewide overall population growth, and change in attendance at local school and community college ("K-14") districts.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the District over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years. Any proceeds of taxes received by the District in excess of the appropriations limit are absorbed into the State's allowable limit. The District does not currently have and does not anticipate having "proceeds of taxes" in excess of its appropriations limit.

Article XIIIB permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years. Pursuant to statute, if a school district receives any proceeds of taxes in excess of its appropriations limit, it may, by resolution of the governing board, increase its appropriations limit to equal the amount received, provided that the State has sufficient excess appropriations limit in that fiscal year.

Articles XIIIC and XIIID

On November 5, 1996, California voters approved Proposition 218—Voters Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Among other things, Proposition 218 states that all taxes imposed by local governments shall be deemed to be either "general taxes" (imposed for general governmental purposes) or "special taxes" (imposed for specific purposes); prohibits special purpose government agencies, including school districts, from levying general taxes; and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote. Proposition 218 also provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

Article XIIIC also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. A portion of the District's revenues are received annually from property taxes. The State Constitution and the laws of the State impose a mandatory, statutory duty on the County Treasurer to levy a property tax sufficient to pay debt service on the Series E Bonds coming due in each year. There is no court case which directly addresses whether the initiative power may be used to reduce or repeal the *ad valorem* taxes pledged to repay general obligation bonds. See "DISTRICT FINANCIAL MATTERS—Revenue Sources." In the case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the "Bighorn Decision"), the California Supreme Court held that water service charges may be reduced or repealed through a local voter initiative subject to Article XIIIC. The Supreme Court did state that it was not holding that the initiative power is free of all limitations. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Legislation adopted in 1997 provides that Article XIIIC shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. No developer fees imposed by the District are pledged or expected to be used to make payments with respect to the Series E Bonds.

The provisions of Article XIIIC and XIIID may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination.

Proposition 46

On June 3, 1986, California voters approved Proposition 46, which provided an additional exemption to the 1% tax limitation imposed by Article XIIIA. Under this amendment to Article XIIIA, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

Proposition 39

On November 7, 2000, California voters approved Proposition 39, called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act") which amends Section 1 of Article XIIIA, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code and allows an alternative means of seeking voter approval for bonded indebtedness of a school district or community college district by 55% of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The 55% voter requirement applies only if the bond measure submitted to the voters includes, among other items: (1) a restriction that the proceeds of the bonds may be used 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," (2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list" and (3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIIIA has been added to exempt from the 1% *ad valorem* tax limitation under Section 1(a) of Article XIIIA of the Constitution levies to pay bonds approved by the 55% of the voters, subject to the restrictions explained above. The *ad valorem* tax for payment on the Series E Bonds falls within the exception described in the preceding sentence.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39 and amends various sections of the Education Code. Under amendments to Section 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: (1) for a school district, indebtedness shall not exceed $30 per $100,000 of taxable property, (2) for a unified school district, indebtedness shall not exceed $60 per $100,000 of taxable property, and (3) for a community college district, indebtedness shall not exceed $25 per $100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed to review the use of the bond funds and inform the public about their proper usage. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Propositions 98 and 111

On November 8, 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" ("Proposition 98"). Proposition 98 changed State funding of public education below the university level and the operation of the State's appropriations limit, primarily by guaranteeing K-14 schools a minimum share of State General Fund revenues. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 schools are guaranteed the greater of (a) 40.9% of State General Fund revenues (the "first test"), or (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIIIB by reference to per capita personal income) and enrollment (the "second test"), or (c) a "third test" which would replace the second test in any year when the percentage growth in per capita State General Fund revenues from the prior year plus 1/2 of 1% is less than the percentage growth in California per capita personal income. Under the third test, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State General Fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test would become a "credit" to schools which would be paid in future years when State General Fund revenue growth exceeds personal income growth.

Proposition 98 permits the Legislature by two-thirds vote of both houses, with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period, and any corresponding reduction in funding for that year will not be paid in subsequent years. However, in determining the funding level for the succeeding year, the formula base for the prior year will be reinstated as if such suspension had not taken place. In certain fiscal years, the State Legislature and the Governor have utilized this provision to avoid having the full Proposition 98 funding paid to support K-14 schools.

Proposition 98 also changes how tax revenues in excess of the State Appropriations Limit are distributed. "Excess" tax revenues are determined based on a two-year cycle, so that the State could avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year were under its limit. After any two-year period, if there are excess State tax revenues, 50% of the excess would be transferred to K-14 schools with the balance returned to taxpayers. Further, any excess State tax revenues transferred to K-14 schools are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit will not be increased by this amount.

Since Proposition 98 is unclear in some details, there can be no assurance that the Legislature or a court might not interpret Proposition 98 to require a different percentage of State General Fund revenues to be allocated to K-14 districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the Governor's Budget. In any event, some fiscal observers expect Proposition 98 to place increasing pressure on the State's budget over future years, potentially reducing resources available for other State programs, especially to the extent the Article XIIIB spending limit would restrain the State ability to fund such other programs by raising taxes.

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimums under the first test and the second test described above are dependent on State General Fund revenues. In several recent fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years' estimated Proposition 98 minimums.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Beginning in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

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

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's General Fund and transportation funds, the State's main funding source for schools and community colleges, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the longer-term effect of Proposition 22, according to the LAO's analysis, will be an increase in the State's General Fund costs by approximately $1 billion annually for several decades.

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos*, finding California Assembly Bill x1 26 to be constitutional and California Assembly Bill x1 27 to be unconstitutional. As a result, all redevelopment agencies in California were dissolved on February 1, 2012, and the property tax revenue which previously flowed to the redevelopment agencies is now instead going to other local governments, including school districts. It is likely that the dissolution of redevelopment agencies has mooted the effects of Proposition 22.

Proposition 30 and Proposition 55

On November 6, 2012, voters of the State approved the Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"), which temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030. Proposition 55 did not extend the temporary State Sales and Use Tax rate increase enacted under Proposition 30, which expired as of January 1, 2017.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for K-14 school districts. See "– Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to K-12 school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State General Fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State General Fund revenues that are allocable to capital gains taxes exceed 8% of total estimated General Fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State General Fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15 year period ending with fiscal year 2029-30, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers the BSA, nor does the Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State General Fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

California Senate Bill 222

On July 13, 2015, the Governor signed Senate Bill 222 ("SB 222") into law, effective January 1, 2016. SB 222 was introduced on February 12, 2015, initially to amend Section 15251 of the California Education Code to clarify the process of lien perfection for general obligation bonds issued by or on behalf of California school and community college districts. Subsequently, on April 15, 2015, SB 222 was amended to include an addition to the California Government Code to similarly clarify the process of lien perfection for general obligation bonds issued by cities, counties, authorities and special districts, including the District.

SB 222, applicable to general obligations bonds issued after its effective date, will remove the extra step between (a) the issuance of general obligation bonds by cities, counties, cities and counties, school districts, community college districts, authorities and special districts; and (b) the imposition of a lien on the future ad valorem property taxes that are the source of repayment of the general obligation bonds. By clarifying that the lien created with each general obligation bond issuance is a "statutory" lien (consistent with bankruptcy statutory law and case precedent), SB 222, while it does not prevent default, should reduce the ultimate bankruptcy risk of non-recovery on local general obligation bonds, and thus potentially improve ratings, interest rates and bond cost of issuance.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIIIA to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Jarvis v. Connell

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District expected to be received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the California Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Future Initiatives and Propositions

Article XIIIA, Article XIIIB, Article XIIIC, Article XIIID, and Propositions 22, 26, 30, 39, 46, 98, 111 and 1A were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting school districts' revenues or such districts' ability to expend revenues.

There can be no assurance that the California electorate will not at some future time adopt other initiatives or that the Legislature will not enact legislation that will amend the laws or the Constitution of the State of California resulting in a reduction of amounts legally available to the District.

STATE OF CALIFORNIA FISCAL ISSUES

The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, the District does not guarantee the accuracy or completeness of this information and has not independently verified such information.

General Overview

Financial Stress on State Budget. In general, the State has experienced budget surpluses since the onset of the COVID-19 pandemic; however, in the 2024-25 State Budget (defined below), the State projects that it will operate at a deficit for the next several fiscal years. The ultimate impact of the COVID-19 pandemic is unknown and the State considers the threat of an extended recession to be a major risk to the State's financial condition.

According to the State, there remain a number of other major risks and pressures that threaten the State's financial condition, including potential changes to federal fiscal policies and large unfunded liabilities for PERS and STRS, rising health care costs and trade policy. The State's revenues (particularly the personal income tax) can be volatile and correlate to overall economic conditions. The District is unable to predict the degree to which the COVID-19 pandemic or other factors will materially adversely affect the financial condition of the State.

Cash Management by State and Impact on Schools. To conserve cash in light of declining revenues resulting from the last recession, the State enacted several statutes deferring the payment of amounts owed to public schools, until a later date in the current, or in a subsequent, fiscal year. This technique was used in all of the State's budget bills from fiscal year 2008-09 through fiscal year 2012-13. Some of these statutory deferrals were made permanent, and others were implemented only for one fiscal year. These deferrals reduced amounts paid to K-12 districts and resulted in deferred payments that at one point totaled more than $10 billion. These deferrals also created cash flow shortages for certain K-12 districts which required an increased level of cash flow borrowings. In fiscal years 2013-14 and 2014-15, the State repaid the majority of these deferrals and the remaining $992 million was repaid in fiscal year 2015-16. The State included LCFF apportionment deferrals in its budget for fiscal year 2020-21 but repaid these deferrals in fiscal year 2021-22. The 2024-25 State Budget includes LCFF apportionment deferrals from fiscal year 2023-24 to 2024-25. See "—2024-25 State Budget."

School Reserves – Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the PSSSA, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 2."

The District, which has an ADA of less than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 3% of its General Fund expenditures and other financing uses.

Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the PSSSA is equal to or exceeds 3% of the combined total General Fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions community funded districts and small school districts having fewer than 2,501 units of average daily attendance.

The Series E Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the State Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Series E Bonds as and when due.

2024-25 State Budget

On June 26, 2024, the Governor signed the State budget for fiscal year 2024-25 (the "2024-25 State Budget"). The following information is drawn from the DOF summary of the 2024-25 State Budget.

The 2024-25 State Budget reports that, emerging from the COVID-19 pandemic, the State has experienced significant revenue volatility occasioned by unprecedented revenue growth that was quickly followed by a sharp correction back towards to historical trends, as well as federal and state income tax deadline delays which significantly clouded the State's revenue forecast. The 2024-25 State Budget estimates that the State is facing a budget shortfall in fiscal year 2024-25 of approximately $46.8 billion. The 2024-25 State Budget solves the projected deficit through a mix of broad-based measures, including:

- *Reductions* – $16 billion of reductions to various State programs and operations, including (i) a reduction to State operations of approximately 7.95% beginning in fiscal year 2024-25 to nearly all department budgets, (ii) a permanent reduction of $1.5 billion by reducing departmental budgets for vacant positions, (iii) an additional reduction of $358 million (for a total of $750 million) to the Department of Corrections and Rehabilitation in fiscal years 2022-23 through 2024-25, and (iv) various one-time and ongoing reductions to State programs, including the California Student Housing Loan Program, the Learning-Aligned Employment Program, the Middle Class Scholarship Program, affordable housing programs, healthcare workforce programs and State and local public health efforts.

- *Revenue and Internal Borrowing* – $13.6 billion in additional revenue sources and internal borrowings from special funds, including (i) suspension of the Net Operating Loss tax deduction for companies with over $1 million in taxable income and limits on business tax credits to $5 million in fiscal years 2024-25 through 2026-27, and (ii) an increase to the managed care organization tax of $5.1 billion in fiscal year 2024-25, $4.6 billion in fiscal year 2025-26 and $4.0 million in fiscal year 2026-27.

- *Reserves* – The 2024-25 State Budget withdraws $12.2 billion from the BSA over the next two fiscal years ($5.1 billion in fiscal year 2024-25 and $7.1 billion in fiscal year 2025-26), and $900 million from the Safety Net Reserve in fiscal year 2024-25. The 2024-25 State Budget also withdraws the full balance in the PSSSA ($5.3 billion) to support LCFF costs in fiscal year 2023-24. The 2024-25 State Budget also authorizes a discretionary payment to the PSSSA in fiscal year 2024-25 of $1.1 billion. As a result, school reserve caps are not projected to be triggered in fiscal year 2024-25 and 2025-26. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS — Proposition 2."

- *Fund Shifts* – The 2024-25 State Budget shifts $6.0 billion of expenditures from the State general fund to other funds, including (i) applying a prior CalPERS supplemental pension payment to the State's overall pension liability, reducing required employer contributions in fiscal year 2024-25 by $1.7 billion, and (ii) $3.9 billion from the State general fund to the Greenhouse Gas Reduction Fund to support the Transit and Intercity Rail Capital Program as well as clean energy and other climate programs.

- *Delays and Pauses* – $3.1 billion of delays to avoid increases in future obligations and potential shortfalls, including (i) delaying for two years the expansion of the California Food Assistance Program, (ii) delaying for two years the implementation of increased pay to providers of assistance to individuals with developmental disabilities, (iii) delaying for two years the expansion of child care slots, and (iv) delaying funding to the Broadband Last Mile program, which provides funding for projects that increase internet access in low income communities, to fiscal year 2027-28.

- *Deferrals* – $2.1 billion of deferrals in certain State payments, including (i) a deferral of $3.2 billion (including $1.6 billion from the State general fund) for one month of State employees' payroll costs, and (ii) a multi-year deferral of $524 million for the University of California/California State University compact which advances several shared student goals. The 2024-25 State Budget also authorizes LCFF apportionment deferrals of $246 million from 2024-25 to 2025-26 (as further described herein).

For fiscal year 2023-24, the 2024-25 State Budget projects total general fund revenues and transfers of $189.4 billion and authorizes expenditures of $223.1 billion. The State is projected to end the 2023-24 fiscal year with total reserves of $26.4 billion, including $22.6 billion in the BSA, $2.9 billion in the traditional general fund reserve, and $900 million in the Safety Net Reserve Fund. The 2024-25 State Budget also authorizes the withdrawal of the full amount on deposit in the PSSSA, leaving a zero balance. For fiscal year 2024-25, the 2024-25 State Budget projects total general fund revenues and transfers of $212.1 billion and authorizes expenditures of $211.5 billion. The State is projected to end the 2024-25 fiscal year with total reserves of $22.2 billion, including $3.5 billion in the traditional general fund reserve, $17.6 billion in the BSA and $1.1 billion in the PSSSA. The Safety Net Reserve is projected to have a zero balance.

The 2024-25 State Budget sets total funding for all K-12 education programs at $133.8 billion, including $81.5 billion from the State general fund and $52.3 billion from other sources. The minimum funding guarantee in fiscal year 2024-25 is set at $115.3 billion. The 2024-25 State Budget also makes retroactive changes to the minimum funding guarantee in fiscal years 2022-23 and 2023-24, setting them at $103.7 billion and $98.5 billion, respectively. The 2024-25 State Budget suspends the minimum funding guarantee in fiscal year 2023-24, creating a maintenance factor obligation of approximately $8.3 billion in fiscal year 2023-24, and is projected to create a maintenance factor obligation of approximately $4.1 billion in fiscal year 2024-25, which will be paid in addition to the guarantee for fiscal year 2024-25. The 2024-25 State Budget projects Test 1 of the guarantee to be in effect in fiscal year 2024-25. To accommodate enrollment increases related to the expansion of Transitional Kindergarten, the 2024-25 State Budget rebenches the Test 1 percentage, from approximately 38.6% to 39.2%, to increase the percentage of State general fund revenues that count towards the minimum funding guarantee.

Other significant features relating to K-12 education funding include the following:

- *LCFF* – The 2024-25 State Budget includes an LCFF COLA of 1.07%. When combined with population growth adjustments, this would result in an increase of roughly $983 million in discretionary funds for local educational agencies, as compared to the level set in the prior State budget. To fully fund the LCFF, the 2024-25 State Budget authorizes the withdrawal of the full balance in the PSSSA to support ongoing LCFF costs in fiscal year 2023-24, and uses available reappropriation and reversion funding totaling $253.9 million to support ongoing LCFF costs in 2024-25. The 2024-25 State Budget also provides $89.2 million in ongoing Proposition 98 funding to reflect a 1.07% COLA for specified categorical programs.

- *Deferrals* – The 2024-25 State Budget reflects LCFF apportionment deferrals from fiscal year 2023-24 to fiscal year 2024-25 of approximately $3.6 billion, and from fiscal year 2024-25 to fiscal year 2025-26 of approximately $246 million. Additionally, the 2024-25 State Budget reflects approximately $2.3 billion in categorical program deferrals from fiscal year 2022-23 to fiscal year 2023-24, with the deferral amount being repaid using funds on deposit in the PSSSA.

- *Teacher Preparation and Professional Development* – $25 million in one-time Proposition 98 funding to support training for educators to administer literacy screenings. The 2024-25 State Budget also provides $20 million in one-time Proposition 98 funding for county offices of education to develop and provide training for mathematics coaches and leaders to support the delivery of high-quality math instruction.

- *Transitional Kindergarten* – $988.7 million in Proposition 98 funding to support the second year (the 2023-24 school year) of expanded eligibility for TK, shifting age eligibility from all children turning five years old between September 2 and February 2 to all children turning such age between September 2 to April 2 (approximately 36,000 additional children). In connection with this expansion, the 2024-25 State Budget provides $390.2 million in Proposition 98 funding to support one additional certificated or classified staff person for every TK class. Additionally, the 2024-25 State Budget provides $1.5 billion in ongoing Proposition 98 funding to support the third year (the 2024-25 school year) of expanded eligibility for TK, shifting age eligibility for all children turning five years old between September 2 and April 2 to all children turning such age between September 2 and June 2 (approximately 38,000 additional children). In connection with this expansion, the 2024-25 State Budget provides $515.5 million in ongoing Proposition 98 funding to support one additional certificated or classified staff person for every TK class.

- *Facilities* – The 2024-25 State Budget delays $550 million of funds approved as part of previous State budgets to support the construction of new school facilities or the retrofit of existing facilities for the purpose of providing TK, full-day kindergarten or preschool classrooms. The 2024-25 State Budget also forgoes a previously planned investment of $875 million in the State School Facilities Program.

- *Home-to-School Transportation* – The 2024-25 State Budget eliminates $500 million in previously planned one-time Proposition 98 funding to support the greening of school bus fleets.

- *Nutrition* – An increase of $179.4 million in ongoing Proposition 98 funding, and an additional $120.8 million in one-time Proposition 98 funding, to fully fund the universal school meals program in 2023-24 and 2024-25.

- *Employee Assistance* – $9 million in one-time Proposition 98 funding to provide supplemental pay for classified school staff during intersessional months when they are not employed.

- *Instruction* – $907.1 million to support Proposition 28, the Arts and Music in Schools Funding Guarantee and Accountability Act, in fiscal year 2024-25. The 2024-25 State Budget also provides $7 million in one-time Proposition funding to support inquiry-based science instruction and assessment through the development of a bank of curriculum-embedded performance tasks. Finally, the 2024-25 State Budget provides $5 million in one-time Proposition 98 funding to support the California Teachers Collaborative for Holocaust and Genocide Education.

- *After School Programs* - $5 million in one-time State general fund support for after school programs in rural school districts.

- *Technology Support* – $3.4 million, of which $380,000 is ongoing, to support the replacement of critical computer servers, maintain warranty coverage for network infrastructure and refresh laptops, tablets and workstations for students and staff at State special schools and diagnostic centers. The 2024-25 State Budget also provides $3.2 million in ongoing Proposition 98 funding to support the K-12 High Speed Network program.

For additional information regarding the 2024-25 State Budget, see the DOF and LAO websites at www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by any reference.

Future Actions and Events

The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, a resurgence of the COVID-19 pandemic, or the outbreak of a new pandemic, could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "DISTRICT FINANCIAL MATTERS –Considerations Regarding COVID-19." State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Series E Bonds would not be directly impaired by the events described above.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos ("Matosantos"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in Matosantos also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS—Proposition 1A and Proposition 22." ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, not to exceed $250,000 in any year, to the extent such costs have been approved in an administrative budget; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the District uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABX1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received had the redevelopment agency existed at that time," and that the County Auditor-Controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABX1 26] using current assessed values and pursuant to statutory [pass-through] formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which State apportionments may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies any other surplus property tax revenues pursuant to the Dissolution Act.

LEGAL MATTERS

Tax Matters

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Series E Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series E Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix A.

To the extent the issue price of any maturity of the Series E Bonds is less than the amount to be paid at maturity of such Series E Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series E Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Series E Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series E Bonds is the first price at which a substantial amount of such maturity of the Series E Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series E Bonds accrues daily over the term to maturity of such Series E Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series E Bonds to determine taxable gain or loss upon trade or business disposition (including sale, redemption, or payment on maturity) of such Series E Bonds. Beneficial Owners of the Series E Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series E Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Series E Bonds in the original offering to the public at the first price at which a substantial amount of such Series E Bonds is sold to the public.

Series E Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series E Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series E Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series E Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series E Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Series E Bonds may adversely affect the value of, or the tax status of interest on, the Series E Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Series E Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Series E Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series E Bonds to be subject, directly or indirectly, in whole or in part, 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 or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series E Bonds. Prospective purchasers of the Series E Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series E Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series E Bonds ends with the issuance of the Series E Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Series E Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series E Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series E Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Payments on the Series E Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series E Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series E Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series E Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Legality for Investment in California

Under provisions of the California Financial Code, the Series E Bonds are legal investments for commercial banks in California to the extent that the Series E Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in the State.

No Litigation

No litigation is pending or threatened concerning the validity of the Series E Bonds, and a certificate to that effect will be furnished by the District at the time of the issuance and delivery of the Series E Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the

District or contesting the District's ability to receive *ad valorem* taxes or to collect other revenues or contesting the District's ability to issue and retire the Series E Bonds.

In the opinion of the District, there are no claims or lawsuits pending against the District that will materially adversely affect the finances of the District.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Series E Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Series E Bonds to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board (an "Annual Report") not later than nine months after the end of the District's fiscal year (which currently is June 30), commencing March 31, 2025, with the report for the 2023-24 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in an Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Certificate attached as Appendix C. These covenants have been made in order to assist the Purchaser of the Series E Bonds in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission.

The District has entered into prior undertakings pursuant to the Rule. In the previous five years, the District has not failed to comply in all material respects with its prior undertakings pursuant to the Rule. In order to assist the District in complying with its continuing disclosure obligations, including the undertaking to be entered into in connection with the Series E Bonds, the District has engaged Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, as its dissemination agent.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

MISCELLANEOUS

Rating

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the rating of "A+" to the Series E Bonds. The rating reflects only the views of such organization and an explanation of the significance of such rating may 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. There is no assurance that any rating for the Series E Bonds will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by a rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series E Bonds.

Underwriting

The Series E Bonds were sold by competitive bid on _____, 2024 and awarded by the District on that date to __________ (the "Purchaser") as the successful bidder, in accordance with the Official Notice of Sale. The Purchaser has agreed to purchase the Series E Bonds at the initial purchase price of $___________ (which represents the aggregate principal amount of the Series E Bonds, [plus/less] a [net] original issue [premium/discount] of $___________, less purchaser's discount of $___________. The Official Notice of Sale provides that the Purchaser will purchase all of the Series E Bonds. The obligation to make such purchase is subject to certain terms and conditions set forth in the Official Notice of Sale. The Purchaser may offer and sell the Series E Bonds to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Purchaser.

Audited Financial Statements

The District's audited financial statements for fiscal year 2022-23 included in this Official Statement have been audited by Eide Bailly LLP (the "Auditor"), independent auditors. Attention is called to the scope limitation described in the Auditor's report accompanying the financial statements. The Auditor has not been requested to consent to the inclusion of its report in this Official Statement. The Auditor has not undertaken to update the audited financial statements for fiscal year 2022-23 or its report, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated February 29, 2024. See Appendix B—"DISTRICT'S 2022-23 AUDITED FINANCIAL STATEMENTS."

Financial Interests

The fees being paid to the Bond Counsel and Disclosure Counsel, and the District's Municipal Advisor are contingent upon the issuance and delivery of the Series E Bonds.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to purchasers of the. Quotations from and summaries and explanations of Bonds and of the statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for full and complete statements of their provisions.

Any Bond Owner may obtain copies of reports relating to the Series E Bonds, as available, from the District at 1791 W. Acacia Avenue, Hemet, California 92545. The District may impose a charge for copying, mailing and handling.

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

The delivery of this Official Statement has been duly authorized by the District.

HEMET UNIFIED SCHOOL DISTRICT

By: ____________________________________

Deputy Superintendent,
Business Services

APPENDIX A

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Series E Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, proposes to render its final approving opinion with respect to the Series E Bonds in substantially the following form:

[Date of Delivery]

Hemet Unified School District
Hemet, California

Hemet Unified School District
(Riverside County, California)
2024 General Obligation Bonds, Election of 2018, Series E
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Hemet Unified School District (the "District"), which is located in the County of Riverside (the "County"), in connection with the issuance by the District of $__________ aggregate principal amount of bonds designated as "Hemet Unified School District (Riverside County, California) 2024 General Obligation Bonds, Election of 2018, Series E" (the "Series E Bonds"), representing part of an issue in the aggregate principal amount of $150,000,000 authorized at an election held in the District on November 6, 2018. The Series E Bonds are issued under and pursuant to a resolution of the Governing Board of the District adopted on September 10, 2024 (the "Resolution"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution, the Tax Certificate of the District, dated the date hereof (the "Tax Certificate"), certificates of the District, the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series E Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series E Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series E Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series E Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series E Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as the District or the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated __________, 2024, or other offering material relating to the Series E Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series E Bonds constitute valid and binding obligations of the District.

2. The Resolution has been duly and legally adopted and constitutes a valid and binding obligation of the District.

3. The Board of Supervisors of the County has power and is obligated to levy ad valorem taxes without limitation as to rate or amount upon all property within the District's boundaries subject to taxation by the District (except certain personal property which is taxable at limited rates) for the payment of the Series E Bonds and the interest thereon.

4. Interest on the Series E Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series E Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series E Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series E Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX B

DISTRICT'S 2022-23 AUDITED FINANCIAL STATEMENTS

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Financial Statements
June 30, 2023

Hemet Unified School District

EideBailly®

Independent Auditor's Report

To the Governing Board
Hemet Unified School District
Hemet, 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 Hemet Unified School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the each major fund, and the aggregate remaining fund information of Hemet Unified School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, 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.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 District'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, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability - MPP program, schedule of the District's proportionate share of the net pension liability - CalSTRS, schedule of the District's proportionate share of the net pension liability - CalPERS, schedule of the District's contributions - CalSTRS, and schedule of the District's contributions - CalPERS, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the District'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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Rancho Cucamonga, California
February 29, 2024

Christi Barrett, Ph.D.
Superintendent

Darrin Watters
Deputy Superintendent
Nereyda Gonzalez, Ed.D.
Assistant Superintendent
Derek Jindra, Ed.D.
Assistant Superintendent
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This section of Hemet Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

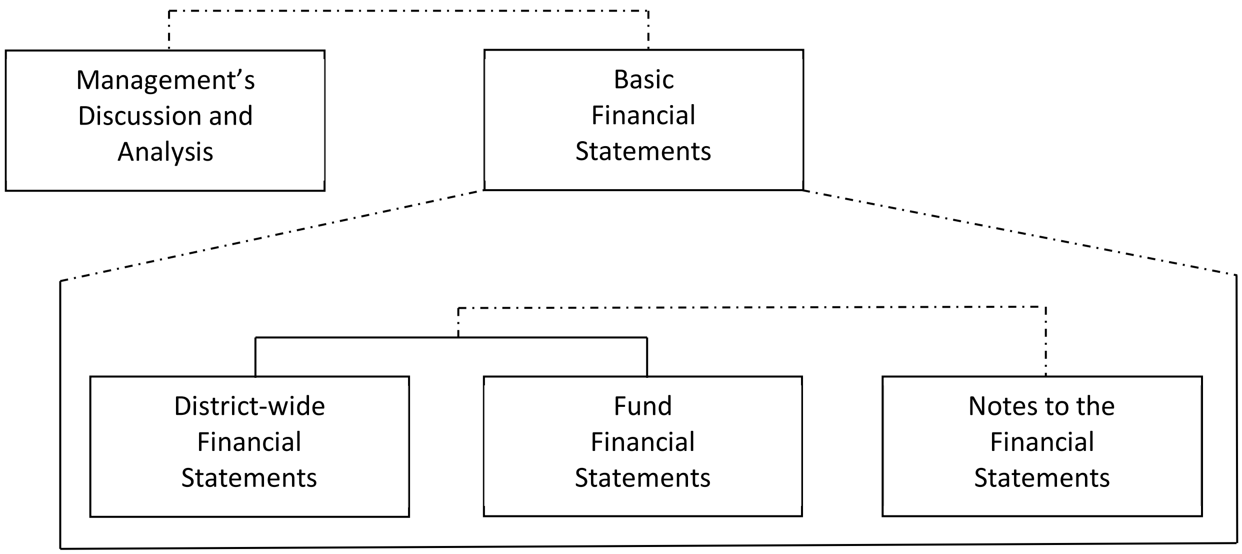
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Hemet Unified School District.

Figure 1

Organization of Hemet Unified School District’s Annual Financial Report



FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position increased by $141,232,013 over the prior year for a new net position of $273,095,756.
- Revenues, transfers in, and other financing sources for all funds, including bond issuances, totaled $545,047,712 and $15,686,085, for governmental activities and business-type activities, respectively. Expenses, transfers out and other uses totaled $405,934,533 and $23,826,783, for governmental activities and business-type activities, respectively.
- The General Fund audited ending fund balance totaled $212,150,740. This represents an increase of $91,293,569 from the prior year.
- New General Obligation Bonds of $30,000,000 were issued in 2022-2023.
- The District filed a positive status with both its First and Second Interim reports in 2022-2023. Both the First and Second Interim reports were certified positive by the District’s Governing Board and subsequently affirmed by the Riverside County Office of Education.

DISTRICT-WIDE STATEMENTS

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as certificates of participation, finance these activities.

Business-Type Activities - The District charges fees to help it cover the costs of certain services it provides. The District's transportation operations are included in this category.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

THE DISTRICT AS TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others. The District's fiduciary activities are reported in the Statement of Fiduciary Net Position and Statement of Revenues, Expenses, and Changes in Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The total net position was $273,095,756 for the fiscal year ended June 30, 2023. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Assets						
Current and other assets	$428,637,225	$294,530,332	$ 13,841,389	$ 15,940,978	$442,478,614	$310,471,310
Capital assets and right-to-use subscription IT assets	487,333,961	444,283,625	12,248,689	12,314,547	499,582,650	456,598,172
Total assets	915,971,186	738,813,957	26,090,078	28,255,525	942,061,264	767,069,482
Deferred outflows of resources	85,773,566	64,141,246	6,673,079	2,556,251	92,446,645	66,697,497
Liabilities						
Current liabilities	72,986,065	42,453,780	528,006	1,132,791	73,514,071	43,586,571
Long-term liabilities	619,891,834	507,315,987	24,520,080	11,505,653	644,411,914	518,821,640
Total liabilities	692,877,899	549,769,767	25,048,086	12,638,444	717,925,985	562,408,211
Deferred inflows of resources	42,074,566	135,765,860	1,411,602	3,729,165	43,486,168	139,495,025
Net Position						
Net investment in capital assets	239,391,129	218,146,952	10,775,987	10,246,085	250,167,116	228,393,037
Restricted	156,211,453	81,420,253	-	-	156,211,453	81,420,253
Unrestricted	(128,810,295)	(182,147,629)	(4,472,518)	4,198,082	(133,282,813)	(177,949,547)
Total net position	$266,792,287	$117,419,576	$ 6,303,469	$ 14,444,167	$273,095,756	$131,863,743

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities* on page 17. Table 2 takes the information from the Statement for the year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2023	2022*	2023	2022*	2023	2022*
Revenues						
Program revenues						
Charges for services and sales	$ 4,087,930	$ 6,694,554	$ 14,584,515	$ 18,331,530	$ 18,672,445	$ 25,026,084
Operating grants and contributions	160,659,616	115,708,403	992,887	991,264	161,652,503	116,699,667
General revenues						
Federal and State aid not restricted	263,789,242	230,496,108	-	-	263,789,242	230,496,108
Property taxes	69,680,670	62,158,911	-	-	69,680,670	62,158,911
Other general revenues	46,830,254	25,596,125	108,683	(249,767)	46,938,937	25,346,358
Total revenues	545,047,712	440,654,101	15,686,085	19,073,027	560,733,797	459,727,128
Expenses						
Instruction-related	267,158,513	241,287,128	-	-	267,158,513	241,287,128
Pupil services	55,716,785	47,339,775	-	-	55,716,785	47,339,775
Administration	30,436,777	28,456,751	-	-	30,436,777	28,456,751
Plant services	32,592,387	29,899,915	-	-	32,592,387	29,899,915
All other services	14,900,305	15,515,511	23,826,783	5,029,744	38,727,088	20,545,255
Total expenses	400,804,767	362,499,080	23,826,783	5,029,744	424,631,550	367,528,824
Transfers	5,129,766	-	-	-	5,129,766	-
Change in net position	$ 149,372,711	$ 78,155,021	$ (8,140,698)	$ 14,043,283	$ 141,232,013	$ 92,198,304

* The revenues and expenses for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 17, the cost of all governmental activities in 2022-2023 was $400,804,767. The amount that our taxpayers ultimately financed for these activities through local taxes was $69,680,670. The remaining cost was paid by those who benefited from the programs $4,087,930, or by other governments and organizations who subsidized certain programs with $160,659,616 in grants and contributions. The remaining "public benefit" portion of our governmental activities were paid with $263,789,242 in Federal and State aid and $46,830,254 with other General Fund revenue sources such as interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction-related including, special instruction programs and other instructional programs, pupil services, administration, plant services, all other services, and transportation. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2023	2022*	2023	2022*
Instruction-related	$ 267,158,513	$ 241,287,128	$ (158,959,493)	$ (165,104,696)
Pupil services	55,716,785	47,339,775	(25,613,355)	(22,198,338)
Administration	30,436,777	28,456,751	(17,071,845)	(16,080,548)
Plant services	32,592,387	29,899,915	(30,095,871)	(28,113,542)
All other services	14,900,305	15,515,511	(4,316,657)	(8,598,999)
Total	400,804,767	362,499,080	(236,057,221)	(240,096,123)
Transportation	23,826,783	5,029,744	(8,249,381)	14,293,050
Total	$ 424,631,550	$ 367,528,824	$ (244,306,602)	$ (225,803,073)

* The total and net cost of services for fiscal year 2022 were not restated to show the effects of GASB Statement No. 96 for comparative purposes.

THE DISTRICT'S FUNDS

Upon completion of the 2022-2023 fiscal year, the District's governmental funds reported a combined fund balance of $349,563,686 an increase of $104,065,958 from 2021-2022 (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	$ 120,857,171	$ 482,516,260	$ 391,222,691	$ 212,150,740
Student Activity	1,819,661	2,395,815	2,290,826	1,924,650
Charter Schools	654,034	12,319,091	10,399,713	2,573,412
Adult Education	145,473	838,911	846,619	137,765
Child Development	573,422	2,581,829	2,443,161	712,090
Cafeteria	3,386,478	19,693,890	15,750,629	7,329,739
Building	51,064,062	31,351,310	35,844,493	46,570,879
Capital Facilities	22,641,546	14,199,166	6,267,156	30,573,556
Special Reserve Fund for Capital Outlay Projects	17,369,617	58,304	4,726,180	12,701,741
Capital Projects for Blended Component Units	3,671,815	3,747,369	817,274	6,601,910
Bond Interest and Redemption	23,314,444	21,330,521	16,358,898	28,286,067
Debt Service Fund for Blended Component Units	5	3,994,369	3,993,237	1,137
Total	$ 245,497,728	$ 595,026,835	$ 490,960,877	$ 349,563,686

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 20, 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in this annual financial report on page 84.)

CAPITAL ASSETS, RIGHT-TO-USE SUBSCRIPTION IT ASSETS, AND LONG-TERM LIABILITIES

Capital Assets and Right-to-Use Subscription IT Assets

At June 30, 2023, the District had $499,204,291 in a broad range of capital assets and right-to-use subscription IT assets (net of depreciation and amortization), (including additions, deductions, and depreciation) of $42,955,921, or 9.42%, over the prior year (Table 5).

Table 5

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Land and construction in progress	$ 109,955,532	$ 53,027,118	$ -	$ -	$ 109,955,532	$ 53,027,118
Buildings and improvements	366,081,475	382,259,408	-	-	366,081,475	382,259,408
Equipment	10,918,595	8,647,297	12,248,689	12,314,547	23,167,284	20,961,844
Right-to-use subscription IT assets	378,359	349,802	-	-	378,359	349,802
Total	$ 487,333,961	$ 444,283,625	$ 12,248,689	$ 12,314,547	$ 499,582,650	$ 456,598,172

Long-Term Liabilities

At the end of this year, the District had $644,411,914 in long-term liabilities outstanding versus $518,821,640 last year, an increase of $125,590,274, or 24.21%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities		Business-Type Activities		Total	
	2023	2022 as restated	2023	2022	2023	2022 as restated
Long-Term Liabilities						
General obligation bonds	$252,580,000	$231,110,000	$ -	$ -	$252,580,000	231,110,000
Certificates of participation	35,945,000	38,410,000	-	-	35,945,000	38,410,000
Unamortized premiums	14,606,301	13,544,801	-	-	14,606,301	13,544,801
Unamortized discounts	(76,614)	(87,886)	-	-	(76,614)	(87,886)
Financed purchase agreements	-	-	1,472,702	2,068,462	1,472,702	2,068,462
Subscription-based IT arrangements	363,130	319,852	-	-	363,130	319,852
Supplemental early retirement plan	3,432,555	4,576,740	-	-	3,432,555	4,576,740
Compensated absences	636,775	1,884,612	87,865	322,193	724,640	2,206,805
Claims liability	10,189,130	8,927,764	-	-	10,189,130	8,927,764
Net OPEB liability	31,818,187	30,114,372	2,400,376	2,297,592	34,218,563	32,411,964
Aggregate net pension liability	270,397,370	178,515,732	20,559,137	6,817,406	290,956,507	185,333,138
Total	$619,891,834	$507,315,987	$ 24,520,080	$ 11,505,653	$644,411,914	$518,821,640

Table 7 lists the District's 2023-2024 budget assumptions. These assumptions were based on the most current information available to the District at the time the budget was adopted on June 20, 2023. Budgetary goals were developed and prioritized by the District's leadership team and governing board. Input provided by these two groups was used as the framework to develop the District's 2023-2024 budget, which includes site and department allocations for both staffing and operating budgets.

Table 7

2023-2024 Budget Assumptions	
Cost of Living Adjustment (COLA) (applied to LCFF targeted base):	8.22%
Additional LCFF Investment to Base:	0.00%
Enrollment (excluding charters):	21,878
Enrollment Growth (Decline):	250
ADA – Average Daily Attendance:	19,518.71
ADA – Funded:	19,869.36
ADA Percentage:	89.22%
Salary Increase:	13.00%
One-time off schedule:	0.00%
Step and Column (Certificated) percent of salaries:	1.75%
Step and Column (Classified) percent of salaries:	1.45%
Deferred/Routine Maintenance - Percent of Total Expenditures:	3.00%
New Schools/(School Closures):	0
Reserve for Economic Uncertainties:	5.00%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional information contact the Deputy Superintendent, at Hemet Unified School District, 1791 West Acacia Avenue, Hemet, California, 92545-3797, or e-mail at: dwatters@hemetusd.org.

	Governmental Activities	Business-Type Activities	Total
Assets			
Deposits and investments	$ 370,576,094	$ 14,202,706	$ 384,778,800
Receivables	54,138,370	2,359,595	56,497,965
Internal balances	2,720,912	(2,720,912)	-
Stores inventories	1,201,849	-	1,201,849
Capital assets not depreciated	109,955,532	-	109,955,532
Capital assets, net of accumulated depreciation	377,000,070	12,248,689	389,248,759
Right-to-use subscription IT assets, net of accumulated amortization	378,359	-	378,359
Total assets	915,971,186	26,090,078	942,061,264
Deferred Outflows of Resources			
Deferred charge on refunding	2,302,196	-	2,302,196
Deferred outflows of resources related to OPEB	1,820,091	94,589	1,914,680
Deferred outflows of resources related to pensions	81,651,279	6,578,490	88,229,769
Total deferred outflows of resources	85,773,566	6,673,079	92,446,645
Liabilities			
Accounts payable	29,943,888	528,006	30,471,894
Interest payable	3,894,065	-	3,894,065
Unearned revenue	39,148,112	-	39,148,112
Long-term liabilities			
Long-term liabilities other than OPEB and pensions due within one year	14,299,427	611,075	14,910,502
Long-term liabilities other than OPEB and pensions due in more than one year	303,376,850	949,492	304,326,342
Net other postemployment benefits liability (OPEB)	31,818,187	2,400,376	34,218,563
Aggregate net pension liability	270,397,370	20,559,137	290,956,507
Total liabilities	692,877,899	25,048,086	717,925,985

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources			
Deferred inflows of resources related to OPEB	$ 10,983,455	$ 570,806	$ 11,554,261
Deferred inflows of resources related to pensions	31,091,111	840,796	31,931,907
Total deferred inflows of resources	42,074,566	1,411,602	43,486,168
Net Position			
Net investment in capital assets	239,391,129	10,775,987	250,167,116
Restricted for			
Debt service	24,393,139	-	24,393,139
Capital projects	30,573,556	-	30,573,556
Educational programs	89,769,520	-	89,769,520
Other restrictions	11,475,238	-	11,475,238
Unrestricted	(128,810,295)	(4,472,518)	(133,282,813)
Total net position	$ 266,792,287	$ 6,303,469	$ 273,095,756

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental Activities						
Instruction	$ 215,307,787	$ 26,161	$ 68,685,897	$ (146,595,729)	$ -	$ (146,595,729)
Instruction-related activities						
Supervision of instruction	26,010,489	22,315	22,572,919	(3,415,255)	-	(3,415,255)
Instructional library, media, and technology	2,550,171	-	10,981,931	8,431,760	-	8,431,760
School site administration	23,290,066	953	5,908,844	(17,380,269)	-	(17,380,269)
Pupil services						
Home-to-school transportation	7,379,660	-	-	(7,379,660)	-	(7,379,660)
Food services	15,725,607	25,641	18,987,159	3,287,193	-	3,287,193
All other pupil services	32,611,518	65,770	11,024,860	(21,520,888)	-	(21,520,888)
Administration						
Data processing	3,587,292	-	143,486	(3,443,806)	-	(3,443,806)
All other administration	26,849,485	233,202	12,988,244	(13,628,039)	-	(13,628,039)
Plant services	32,592,387	616	2,495,900	(30,095,871)	-	(30,095,871)
Ancillary services	5,091,893	-	3,097,851	(1,994,042)	-	(1,994,042)
Community services	127,876	-	101,362	(26,514)	-	(26,514)
Enterprise services	453,388	-	381,267	(72,121)	-	(72,121)
Interest on long-term liabilities	8,820,124	-	-	(8,820,124)	-	(8,820,124)
Other outgo	407,024	3,713,272	3,289,896	6,596,144	-	6,596,144
Total governmental activities	400,804,767	4,087,930	160,659,616	(236,057,221)	-	(236,057,221)
Business-Type Activities						
Transportation	23,826,783	14,584,515	992,887	-	(8,249,381)	(8,249,381)
Total primary government	$ 424,631,550	$ 18,672,445	$ 161,652,503	(236,057,221)	(8,249,381)	(244,306,602)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business-Type Activities	Total
General Revenues and Subventions						
Property taxes, levied for general purposes				$ 45,867,318	$ -	$ 45,867,318
Property taxes, levied for debt service				18,794,623	-	18,794,623
Taxes levied for other specific purposes				5,018,729	-	5,018,729
Federal and State aid not restricted to specific purposes				263,789,242	-	263,789,242
Interest and investment earnings (loss)				(1,295,464)	108,683	(1,186,781)
Interagency revenues				78,217	-	78,217
Miscellaneous				48,047,501	-	48,047,501
Subtotal, general revenues and subventions				380,300,166	108,683	380,408,849
Transfers				5,129,766	-	5,129,766
Total general revenues, subventions, and transfers				385,429,932	108,683	385,538,615
Change in Net Position				149,372,711	(8,140,698)	141,232,013
Net Position - Beginning, as restated				117,419,576	14,444,167	131,863,743
Net Position - Ending				$ 266,792,287	$ 6,303,469	$ 273,095,756

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 224,380,361	$ 46,737,537	$ 89,488,676	$ 360,606,574
Receivables	46,698,429	1,056,833	6,383,108	54,138,370
Due from other funds	7,119,324	-	2,054,046	9,173,370
Stores inventories	207,222	-	994,627	1,201,849
Total assets	$ 278,405,336	$ 47,794,370	$ 98,920,457	$ 425,120,163
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 23,579,977	$ 1,223,491	$ 4,786,231	$ 29,589,699
Due to other funds	5,536,845	-	1,281,821	6,818,666
Unearned revenue	37,137,774	-	2,010,338	39,148,112
Total liabilities	66,254,596	1,223,491	8,078,390	75,556,477
Fund Balances				
Nonspendable	219,992	-	994,827	1,214,819
Restricted	89,769,520	46,570,879	77,145,499	213,485,898
Committed	68,612,620	-	-	68,612,620
Assigned	33,842,935	-	12,701,741	46,544,676
Unassigned	19,705,673	-	-	19,705,673
Total fund balances	212,150,740	46,570,879	90,842,067	349,563,686
Total liabilities and fund balances	$ 278,405,336	$ 47,794,370	$ 98,920,457	$ 425,120,163

Total Fund Balance - Governmental Funds		$ 349,563,686
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 770,391,291	
Accumulated depreciation is	(283,435,689)	
Net capital assets		486,955,602
Right-to-use subscription IT assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use subscription IT assets is	653,647	
Accumulated amortization is	(275,288)	
Net right-to-use subscription IT assets		378,359
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(3,894,065)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		(207,591)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	2,302,196	
Net pension liability	81,651,279	
Total deferred outflows of resources		85,773,566
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(10,983,455)	
Net pension liability	(31,091,111)	
Total deferred inflows of resources		(42,074,566)

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		$ (270,397,370)
The District's net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(31,818,187)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	$ (252,580,000)	
Certificates of participation	(35,945,000)	
Subscription-based IT arrangements	(363,130)	
Premium on issuance of general obligation bonds and certificates of participation	(14,606,301)	
Discount on issuance of general obligation bonds and certificates of participation	76,614	
Compensated absences (vacations)	(636,775)	
Supplemental early retirement plan	(3,432,555)	
Total long-term liabilities		(307,487,147)
Total net position - governmental activities		$ 266,792,287

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula	$ 292,965,073	$ -	$ 8,798,252	$ 301,763,325
Federal sources	49,364,637	-	15,713,547	65,078,184
Other State sources	104,461,408	-	10,212,731	114,674,139
Other local sources	28,781,621	1,686,881	39,029,768	69,498,270
Total revenues	475,572,739	1,686,881	73,754,298	551,013,918
Expenditures				
Current				
Instruction	207,775,245	-	7,974,937	215,750,182
Instruction-related activities				
Supervision of instruction	27,567,590	-	210,002	27,777,592
Instructional library, media, and technology	2,684,850	-	-	2,684,850
School site administration	23,174,424	-	1,437,912	24,612,336
Pupil services				
Home-to-school transportation	7,379,620	-	-	7,379,620
Food services	649,425	-	14,524,919	15,174,344
All other pupil services	34,765,000	-	321,839	35,086,839
Administration				
Data processing	4,401,048	-	-	4,401,048
All other administration	26,712,314	-	1,534,189	28,246,503
Plant services	32,585,430	-	2,399,289	34,984,719
Ancillary services	2,497,749	-	2,633,860	5,131,609
Community services	127,536	-	-	127,536
Other outgo	407,024	-	-	407,024
Enterprise services	390,852	-	-	390,852
Facility acquisition and construction	15,365,182	35,844,493	10,568,861	61,778,536
Debt service				
Principal	260,567	-	10,995,000	11,255,567
Interest and other	2,209	-	9,357,135	9,359,344
Total expenditures	386,746,065	35,844,493	61,957,943	484,548,501
Excess (Deficiency) of Revenues Over Expenditures	88,826,674	(34,157,612)	11,796,355	66,465,417

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Transfers in	$ 6,639,676	$ -	$ 4,902,466	$ 11,542,142
Other sources - proceeds on general obligation bonds issuance	-	29,664,429	335,571	30,000,000
Other sources - premium on general obligation bonds issuance	-	-	2,166,930	2,166,930
Other sources - proceeds on subscription-based IT arrangements	303,845	-	-	303,845
Transfers out	(4,476,626)	-	(1,935,750)	(6,412,376)
Net Financing Sources (Uses)	2,466,895	29,664,429	5,469,217	37,600,541
Net Change in Fund Balances	91,293,569	(4,493,183)	17,265,572	104,065,958
Fund Balance - Beginning	120,857,171	51,064,062	73,576,495	245,497,728
Fund Balance - Ending	$ 212,150,740	$ 46,570,879	$ 90,842,067	$ 349,563,686

Total Net Change in Fund Balances - Governmental Funds		$ 104,065,958
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation and amortization expenses in the period.		
Capital outlays	$ 63,630,844	
Depreciation and amortization expenses	(20,580,508)	
Net expense adjustment		43,050,336
Right-to-use subscription IT assets acquired this year were financed with Subscription-Based IT Arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(303,845)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) and special termination benefits (early retirement) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation and early retirement earned and used.		2,392,022
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		23,137,817

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the net OPEB liability during the year.	$ (1,658,495)
Proceeds received from general obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(30,000,000)
Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium on issuance recognized	(2,166,930)
Premium amortization	1,105,430
Discount amortization	(11,272)
Deferred charge on refunding amortization	(151,971)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	8,530,000
Certificates of participation	2,465,000
Subscription-based IT arrangements	260,567
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.	7,843
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	(1,349,749)
Change in net position of governmental activities	$ 149,372,711

	Business-Type Activities - Enterprise Fund Transportation	Governmental Activities - Internal Service Fund
Assets		
Current assets		
Deposits and investments	$ 14,202,706	$ 9,969,520
Receivables	2,359,595	-
Due from other funds	2,773,320	709,479
Total current assets	19,335,621	10,678,999
Noncurrent assets		
Capital assets, net of accumulated depreciation	12,248,689	-
Total assets	31,584,310	10,678,999
Deferred Outflows of Resources		
Deferred outflows of resources related to OPEB	94,589	-
Deferred outflows of resources related to pensions	6,578,490	-
Total deferred outflows of resources	6,673,079	-
Liabilities		
Current liabilities		
Accounts payable	528,006	354,189
Due to other funds	5,494,232	343,271
Current portion of noncurrent liabilities other than OPEB and pensions	611,075	1,828,752
Total current liabilities	6,633,313	2,526,212

	Business-Type Activities - Enterprise Fund Transportation	Governmental Activities - Internal Service Fund
Noncurrent liabilities		
Noncurrent liabilities other than OPEB and pensions due in more than one year	$ 949,492	$ 8,360,378
Total other postemployment benefits (OPEB) liability	2,400,376	-
Aggregate net pension liability	20,559,137	-
Total noncurrent liabilities	23,909,005	8,360,378
Total liabilities	30,542,318	10,886,590
Deferred Inflows of Resources		
Deferred inflows of resources related to OPEB	570,806	-
Deferred inflows of resources related to pensions	840,796	-
Total deferred inflows of resources	1,411,602	-
Net Position		
Net investment in capital assets	10,775,987	-
Restricted for self-insurance	-	(207,591)
Unrestricted	(4,472,518)	-
Total net position	$ 6,303,469	$ (207,591)

	Business-Type Activities - Enterprise Fund Transportation	Governmental Activities - Internal Service Fund
Operating Revenues		
Charges for services	$ 19,345,088	$ -
Charges to other funds and miscellaneous revenues	733,817	2,779,955
Total operating revenues	20,078,905	2,779,955
Operating Expenses		
Payroll costs	17,625,518	4,119
Professional and contract services	1,021,663	4,599,813
Supplies and materials	2,723,439	-
Facility rental	419,644	-
Depreciation	2,036,519	-
Total operating expenses	23,826,783	4,603,932
Operating Income (loss)	(3,747,878)	(1,823,977)
Nonoperating Revenues		
State and local grants	992,887	-
Interest income	135,742	130,437
Unrealized gain/(loss) on investments	(27,059)	(20,833)
Total nonoperating revenues	1,101,570	109,604
Income before transfers	(2,646,308)	(1,714,373)
Transfers in	-	707,601
Transfers out	(5,494,390)	(342,977)
Change in Net Position	(8,140,698)	(1,349,749)
Total Net Position - Beginning	14,444,167	1,142,158
Total Net Position - Ending	$ 6,303,469	$ (207,591)

	Business-Type Activities - Enterprise Fund Transportation	Governmental Activities - Internal Service Fund
Operating Activities		
Cash receipts from customers	$ 17,320,127	$ 2,133,824
Other operating cash receipts	12,655,487	-
Cash payments to other suppliers of goods or services	(4,769,531)	(2,756,694)
Cash payments to employees for services	(17,625,518)	(4,119)
Net Change for Operating Activities	7,580,565	(626,989)
Noncapital Financing Activities		
Nonoperating grants received	10,387	-
Transfers from other funds	-	707,601
Transfers to other funds	(5,494,390)	(342,977)
Net Change for Noncapital Financing Activities	(5,484,003)	364,624
Capital and Related Financing Activities		
Acquisition of capital assets	(1,970,661)	-
Principal paid on private placement debt	(595,760)	-
Net Change Capital and Related Financing Activities	(2,566,421)	-
Investing Activities		
Interest on investments	135,742	130,437
Unrealized gain/(loss) on investments	(27,059)	(20,833)
Net Cash From Investing Activities	108,683	109,604
Net Change in Cash and Cash Equivalents	(361,176)	(152,761)
Cash and Cash Equivalents, Beginning	14,563,882	10,122,281
Cash and Cash Equivalents, Ending	$ 14,202,706	$ 9,969,520

	Business-Type Activities - Enterprise Funds Transportation	Governmental Activities - Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash From (Used For) Operating Activities		
Operating income (loss)	$ (3,747,878)	$ (1,823,977)
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	2,036,519	-
Changes in assets and liabilities		
Receivables	(1,093,681)	54,230
Due from other funds	(2,647,597)	(700,361)
Accounts payable	(604,785)	238,482
Due to other funds	5,479,691	343,271
Noncurrent liabilities	8,158,296	1,261,366
Net Cash From (Used for) Operating Activities	$ 7,580,565	$ (626,989)

	Custodial Funds
Assets	
Deposits and investments	$ 9,084,222
Net Position	
Restricted for individuals, organizations, and other governments	$ 9,084,222

	Custodial Funds
Additions	
Contributions	
Special tax assessment	$ 4,960,440
Bond issuance	5,902,375
Total contributions	10,862,815
Investment earnings	
Interest	55,879
Total additions	10,918,694
Deductions	
Debt service payments	4,460,003
Administrative expense	64,001
Payments to other governments	3,242,470
Total deductions	7,766,474
Net Change in Fiduciary Net Position	3,152,220
Net Position - Beginning	5,932,002
Net Position - Ending	$ 9,084,222

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Hemet Unified School District (the District) was established on July 1, 1966, under the laws of the State of California. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by the State and/or Federal agencies. The District operates thirteen elementary schools, two K-8 schools, four middle schools, one 6-12 school, three high schools, one continuation high school, two alternative independent study schools, an adult education school, and one charter school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For Hemet Unified School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization’s relationship with the District is such that exclusion would cause the District’s financial statements to be misleading or incomplete. For financial reporting purposes, the component units described below has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 80, Blending Requirements For Certain Component Units and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District’s operations because the governing board of the component units are essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Hemet Unified School District Public Financing Authority (the Authority) and the Hemet Unified School District School Facilities Corporation (the Corporation) financial activity are presented in the financial statements as the Capital Projects Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Certificates of participation and other debt issued by the Authority and the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are prepared for the Authority.

The Hemet Unified School District Community Facilities Districts (CFDs) and Public Financing Authorities (PFAs) financial activity is presented in the Fiduciary Fund financial statements as the Custodial Funds and in the Governmental Funds financial statements as the Capital Project Fund for Blended Component Units. Special Tax Bonds issued by the CFDs and Special Tax Revenue Bonds issued for the PFAs are not included in the long-term liabilities of the Statement of Net Position as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

Other Related Entity

Charter School The District has approved a Charter for the Western Center Academy Charter School (the Charter School) pursuant to *Education Code* Section 47605. The Charter School is operated by the District, and its financial activities are presented in the Charter Schools Special Revenue Fund.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Two funds currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits, are not substantially composed of restricted or committed revenue sources. While these funds are authorized by statute and will remain open for internal reporting purposes, these funds functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of $18,099,550.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Charter Schools Fund** The Charter Schools Fund is used by the District to account separately for the operating activities of district-operated charter schools that would otherwise be reported in the authorizing district's General Fund.

- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues for restricted or committed adult education programs and is to be expended for adult education purposes only.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

- **Capital Projects Fund for Blended Component Units** The Capital Projects Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund are used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of the principal and interest on bonds issued by Financing Authorities and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the Local Education Agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary funds:

- **Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. These funds of the District account for the financial transactions related to the Transportation activities of the District.

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a Self-Insurance program for health and welfare and workers' compensation services that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District does not have any trust funds. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds is Debt Service Fund for Special Tax Bonds.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and exclude fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation and amortization of leased assets and subscription IT assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the internal service fund, and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

- **Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the *Statement of Net Position*. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the governmental-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental-type funds when consumed rather than when purchased.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial *Statement of Net Position*. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District’s financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and long-term loans are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities *Statement of Net Position*. Debt premiums and discounts related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items and for OPEB related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan, Transportation Plan, and the CalSTRS Medicare Premium Payment Program (MPP) and additions to/deductions from the District Plan, Transportation Plan, and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan, Transportation Plan, and the MPP. For this purpose, the District Plan, Transportation Plan, and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Subscriptions

The District recognizes a subscription liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over shorter of the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 3 years.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than five percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2023. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report $156,211,453 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Riverside bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 17 and the additional disclosures required by this standard are included in Notes 5 and 9.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental activities	$ 370,576,094
Business-type activities	14,202,706
Fiduciary activities	9,084,222
Total deposits and investments	$ 393,863,022

Deposits and investments as of June 30, 2023, consisted of the following:

Cash on hand and in banks	$ 1,969,533
Cash with fiscal agent	11,928,840
Cash in revolving	12,970
Investments	379,951,679
Total deposits and investments	$ 393,863,022

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government.

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 District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that 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.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

Investment Type	Reported Amount	Weighted Average Maturity In Days
Governmental Activities		
Commercial paper	$ 1,270,074	61
Riverside County Investment Pool	361,990,544	476
Subtotal	363,260,618	
Business-Type Activities		
Riverside County Investment Pool	14,202,706	476
Fiduciary Activities		
U.S. Agencies	1,499,323	482
Commercial paper	989,032	61
Subtotal	2,488,355	
Total	$ 379,951,679	

Credit Risk

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. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End Aaa-bf	Aaa	P-1
Governmental Activities					
Commercial paper	$ 1,270,074	N/A	$ -	$ -	$ 1,270,074
Riverside County Investment Pool	361,990,544	N/A	361,990,544	-	-
Business-Type Activities					
Riverside County Investment Pool	14,202,706	N/A	14,202,706	-	-
Fiduciary Activities					
U.S. Agencies	1,499,323	N/A	-	1,499,323	-
Commercial paper	989,032	N/A	-	-	989,032
Subtotal	2,488,355		-	1,499,323	989,032
Total	$377,463,324		$376,193,250	$ -	$ 1,270,074

N/A - Not applicable

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. All investments of the District other than the investments in commercial paper are exempt. The commercial paper has the limitations of a maximum percentage of portfolio not to exceed 25% and a maximum investment in one issuer of the portfolio not to exceed 10%. The investments in commercial paper do not exceed either of these limitations as of year-end.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2023, the District's bank balance $14,159,788 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2023:

Investment Type	Reported Amount	Fair Value Measurements Using Level 2 Inputs	Uncategorized
Governmental Activities			
Commercial paper	$ 1,270,074	$ 1,270,074	$ -
Riverside County Pooled Investments	361,990,544	-	361,990,544
Subtotal	363,260,618	1,270,074	361,990,544
Business-Type Activities			
Riverside County Pooled Investments	14,202,706	-	14,202,706
Fiduciary Activities			
U.S. Agencies	1,499,323	1,499,323	-
Commercial paper	989,032	989,032	-
Subtotal	2,488,355	2,488,355	-
Total	$ 379,951,679	$ 3,758,429	$ 376,193,250

All assets have been valued using a market approach, with quoted market prices.

Note 4 - Receivables

Receivables at June 30, 2023, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total	Enterprise Fund
Federal Government					
Categorical aid	$ 34,231,345	$ -	$ 2,139,865	$ 36,371,210	$ -
State Government					
LCFF apportionment	5,535	-	297,519	303,054	-
Categorical aid	4,972,936	-	1,157,416	6,130,352	-
Lottery	1,197,878	-	40,796	1,238,674	-
Local Government					
Other local sources	6,290,735	1,056,833	2,747,512	10,095,080	2,359,595
Total	$ 46,698,429	$ 1,056,833	$ 6,383,108	$ 54,138,370	$ 2,359,595

Note 5 - Capital Assets and Right-to-Use Subscription IT Assets

Capital assets and right-to-use subscription IT assets activity for the fiscal year ended June 30, 2023, were as follows:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 24,843,807	$ -	$ -	$ 24,843,807
Construction in progress	28,183,311	58,687,679	(1,759,265)	85,111,725
Total capital assets not being depreciated	53,027,118	58,687,679	(1,759,265)	109,955,532
Capital assets being depreciated				
Buildings and improvements	628,983,929	2,100,898	-	631,084,827
Furniture and equipment	25,053,245	4,297,687	-	29,350,932
Total capital assets being depreciated	654,037,174	6,398,585	-	660,435,759
Total capital assets	707,064,292	65,086,264	(1,759,265)	770,391,291
Accumulated depreciation				
Buildings and improvements	(246,724,521)	(18,278,831)	-	(265,003,352)
Furniture and equipment	(16,405,948)	(2,026,389)	-	(18,432,337)
Total accumulated depreciation	(263,130,469)	(20,305,220)	-	(283,435,689)
Net depreciable capital assets	390,906,705	(13,906,635)	-	377,000,070
Right-to-use subscription IT assets being amortized				
Right-to-use subscription IT assets	349,802	303,845	-	653,647
Accumulated amortization	-	(275,288)	-	(275,288)
Net right-to-use subscription IT assets	349,802	28,557	-	378,359
Governmental activities capital assets, right-to-use subscription IT assets, net	$ 444,283,625	$ 44,809,601	$ (1,759,265)	$ 487,333,961
Business-Type Activities				
Furniture and equipment	$ 30,705,482	$ 1,970,661	$ -	$ 32,676,143
Less accumulated depreciation	(18,390,935)	(2,036,519)	-	(20,427,454)
Business-type activities capital assets, net	$ 12,314,547	$ (65,858)	$ -	$ 12,248,689
Total	$ 456,598,172	$ 44,743,743	$ (1,759,265)	$ 499,582,650

Depreciation expense was charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	$ 16,772,084
School site administration	548,243
Food services	954,345
Data processing	275,288
All other administration	1,198,007
Plant services	832,541
Total depreciation expenses governmental activities	20,580,508
Business-Type Activities	
Home-to-school transportation	2,036,519
Total depreciation expenses all activities	$ 22,617,027

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, and proprietary funds are as follows:

	Due From					
Due To	General Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Enterprise Fund	Total
General Fund	$ -	$ 1,281,821	$ 343,271	$ 1,625,092	$ 5,494,232	$ 7,119,324
Non-Major Governmental Funds	2,054,046	-	-	2,054,046	-	2,054,046
Internal Service Fund	709,479	-	-	709,479	-	709,479
Total governmental activities	2,763,525	1,281,821	343,271	4,388,617	5,494,232	9,882,849
Enterprise Fund	2,773,320	-	-	2,773,320	-	2,773,320
Total	$ 5,536,845	$ 1,281,821	$ 343,271	$ 7,161,937	$ 5,494,232	$ 12,656,169

A balance of $669,613 is due to the Charter Schools Non-Major Governmental Fund from the General fund for In-Lieu final calculation.

A balance of $985,846 is due to the Child Development Non-Major Governmental Fund from the General Fund for reimbursement of payroll costs.

The balance of $325,234 is due to the Capital Facilities Non-Major Governmental Fund from the General Fund for capital outlay projects.

The balance of $709,479 is due to the Internal Service Fund from the General Fund to cover costs.

The balance of $2,773,320 is due to the Transportation Enterprise Fund from the General Fund to cover costs.

The balance of $343,271 is due to the General Fund from the Transportation Enterprise Fund for employment benefits.

The balance of $5,494,232 is due to the General Fund from the Transportation Enterprise Fund for charge backs.

Remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers for the year ended June 30, 2023, consisted of the following:

The General Fund transferred to the Charter Non-Major Governmental Fund to cover costs.	$	46,794
The General Fund transferred to the Capital Facilities Non-Major Governmental Fund for project costs.		42,619
The General Fund transferred to the Special Reserve Non-Major Governmental Fund for Capital Outlay Project for project costs.		4,177
The General Fund transferred to the Internal Service Fund for incurred but not reported (IBNR) claims.		707,601
The General Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.		3,675,435
The Charter Non-Major Governmental Fund transferred to the General Fund for transportation and special education encroachment.		802,309
The Cafeteria Non-Major Governmental Fund transferred to the Debt Service Non-Major Governmental Fund for Blended Component Units for debt service payments.		316,167
The Capital Projects Non-Major Governmental Fund for Blended Component Units transferred to the Capital Facilities Non-Major Governmental Fund for capital projects.		817,274
The Proprietary Funds Transportation Fund transferred to the General Fund for administrative fees and to cover District transportation costs.		5,494,390
The Internal Service Fund transferred to the General Fund for other postemployment benefit costs.		342,977
Total	$	12,249,743

Note 7 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Total	Enterprise Fund
Vendor payables	$ 10,973,071	$ -	$ 594,094	$ 354,189	$ 11,921,354	$ 521,615
LCFF apportionment	4,913,119	-	-	-	4,913,119	-
Salaries and benefits	2,112,792	-	4,769	-	2,117,561	6,391
Capital outlay	5,580,995	1,223,491	4,187,368	-	10,991,854	-
Total	$ 23,579,977	$ 1,223,491	$ 4,786,231	$ 354,189	$ 29,943,888	$ 528,006

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 31,948,098	$ -	$ 31,948,098
State categorical aid	5,189,676	2,010,338	7,200,014
Total	$ 37,137,774	$ 2,010,338	$ 39,148,112

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

A schedule of changes in long-term liabilities other than OPEB and pensions for the year ended June 30, 2023, is shown below:

	Balance July 1, 2022 as restated	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
Governmental Activities					
General obligation bonds	$ 231,110,000	$ 30,000,000	$ (8,530,000)	$ 252,580,000	$ 8,440,000
Certificates of participation	38,410,000	-	(2,465,000)	35,945,000	2,625,000
Unamortized debt premiums	13,544,801	2,166,930	(1,105,430)	14,606,301	-
Unamortized debt discounts	(87,886)	-	11,272	(76,614)	-
Subscription-based IT arrangements	319,852	303,845	(260,567)	363,130	261,490
Supplemental early retirement plan	4,576,740	-	(1,144,185)	3,432,555	1,144,185
Compensated absences	1,884,612	-	(1,247,837)	636,775	-
Claims liability	8,927,764	2,785,602	(1,524,236)	10,189,130	1,828,752
Subtotal	298,685,883	35,256,377	(16,265,983)	317,676,277	14,299,427
Business-Type Activities					
Financed purchase agreements	2,068,462	-	(595,760)	1,472,702	611,075
Compensated absences	322,193	-	(234,328)	87,865	-
Subtotal	2,390,655	-	(830,088)	1,560,567	611,075
Total	$ 301,076,538	$ 35,256,377	$ (17,096,071)	$ 319,236,844	$ 14,910,502

Payments on general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. Payments on the certificates of participation are made by the Debt Service Fund for Blended Component Units. Payments for subscription-based IT arrangements are made by the General Fund. Payments for financed purchase agreements are made by the Transportation Enterprise Fund. Payments on the supplemental early retirement plan are made by the General Fund. The claims liability is to be paid by the Internal Service Fund. The compensated absences is to be paid by the General Fund, Charter School Fund, Adult Education Fund, Child Development Fund, Cafeteria Fund, and the Transportation Enterprise Fund. Additions and deductions from compensated absences are reported to its net cumulative change in the current year.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
07/18/12	08/01/28	1.25%-4.00%	$ 21,260,000	$ 3,320,000	$ -	$ (1,635,000)	$ 1,685,000
12/16/14	08/01/38	3.00% - 5.00%	93,170,000	37,965,000	-	(3,355,000)	34,610,000
05/19/15	08/01/40	3.13% - 5.00%	49,000,000	46,695,000	-	(795,000)	45,900,000
02/26/19	08/01/46	2.25% - 5.00%	27,500,000	25,900,000	-	-	25,900,000
07/15/20	08/01/46	2.00% - 5.00%	26,500,000	26,500,000	-	(510,000)	25,990,000
07/15/20	08/01/26	5.00%	7,790,000	6,655,000	-	(1,205,000)	5,450,000
09/15/21	08/01/46	2.50% - 5.00%	35,000,000	35,000,000	-	-	35,000,000
09/15/21	08/01/38	0.35% - 2.50%	49,075,000	49,075,000	-	(1,030,000)	48,045,000
12/22/22	08/01/46	4.00% - 5.00%	30,000,000	-	30,000,000	-	30,000,000
				$ 231,110,000	$ 30,000,000	$ (8,530,000)	$ 252,580,000

The outstanding certificates of participation debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Certificates of Participation Outstanding July 1, 2022	Issued	Redeemed	Certificates of Participation Outstanding June 30, 2023
09/30/15	10/01/28	2.00% - 5.00%	$ 16,690,000	$ 9,840,000	$ -	$ (1,275,000)	$ 8,565,000
09/30/16	10/01/34	3.00% - 5.00%	23,965,000	23,965,000	-	-	23,965,000
09/30/16	10/01/23	1.59% - 2.74%	6,225,000	1,705,000	-	(1,145,000)	560,000
11/06/19	10/01/31	3.00% - 4.00%	2,925,000	2,900,000	-	(45,000)	2,855,000
				$ 38,410,000	$ -	$ (2,465,000)	$ 35,945,000

Debt Service Requirements to Maturity

The current interest bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 8,440,000	$ 8,274,749	$ 16,714,749
2025	9,560,000	7,919,163	17,479,163
2026	9,065,000	7,575,544	16,640,544
2027	9,290,000	7,265,327	16,555,327
2028	8,805,000	6,992,785	15,797,785
2029-2033	49,515,000	30,662,181	80,177,181
2034-2038	65,960,000	21,298,213	87,258,213
2039-2043	51,360,000	10,536,741	61,896,741
2044-2047	40,585,000	2,723,697	43,308,697
Total	$ 252,580,000	$ 103,248,399	$ 355,828,399

The current interest certificates of participation mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 2,625,000	$ 1,431,957	$ 4,056,957
2025	2,820,000	1,313,063	4,133,063
2026	3,030,000	1,181,838	4,211,838
2027	3,250,000	1,049,513	4,299,513
2028	3,465,000	907,738	4,372,738
2029-2033	14,935,000	2,470,344	17,405,344
2034-2036	5,820,000	191,650	6,011,650
Total	$ 35,945,000	$ 8,546,103	$ 44,491,103

Financed Purchase Agreement

The District's liability on financed purchase agreements with options to purchase is summarized below:

	Business-Type Activities Transportation
Balance, July 1, 2022	$ 2,176,387
Additions	-
Payments	(644,544)
Balance, June 30, 2023	$ 1,531,843

The finance purchase agreement have minimum payments as follows:

Year Ending June 30,	Financed Purchase Payment
2024	$ 644,544
2025	510,614
2026	376,685
Total	1,531,843
Less amount representing interest	(59,141)
Present value of minimum financed payments	$ 1,472,702

Supplemental Employee Retirement Plan (SERP)

The District offered an early retirement incentive to qualified employees under a qualified plan of Section 401 A of the Internal Revenue Code. This benefit is paid out annually to the retiree in equal installments annually for a period up to five year. Currently, there are 124 employees participating in the plan and the District's obligation to those retirees as of June 30, 2023, is $3,432,555.

Future payments are as follows:

Year Ending June 30,	Annual Payment
2024	$ 1,144,185
2025	1,144,185
2026	1,144,185
Total	$ 3,432,555

Compensated Absences

Compensated absences (unpaid employee vacation) for the Governmental Activities and the Business-Type Activities at June 30, 2023, amounted to $636,775 and $87,865, respectively.

Claims Liability

The District has an outstanding long-term liability for claims for the District's Workers' Compensation Insurance Program in the amount of $10,189,130.

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into three SBITA contracts for the use of digital curriculum software, platform as a service, and safety software. At June 30, 2023, the District has recognized a right-to-use subscriptions IT assets $378,359 and SBITA liabilities of $363,130 related to these agreements. During the fiscal year, the District recorded $275,288 in amortization expense. The District is required to make annual principal and interest payments of $364,776 through July 2024. The subscriptions have an interest rate of 4.25%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 261,490	$ 1,286	$ 262,776
2025	101,640	360	102,000
Total	$ 363,130	$ 1,646	$ 364,776

Note 10 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2023, the District reported net OPEB liability, deferred outflows of resources, deferred inflows or resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 30,733,183	$ 1,820,091	$ 10,983,455	$ 1,982,110
Transportation Plan	2,400,376	94,589	570,806	103,009
Medicare Payment Protection (MPP) Program	1,085,004	-	-	(278,520)
Total	$ 34,218,563	$ 1,914,680	$ 11,554,261	$ 1,806,599

The details of each plan are as follows:

District and Transportation Plan

Plan Administration

The District's Governing Board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	131
Active employees	2,556
Total	2,687

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The Hemet Unified School District's Governing Board (the Governing Board) has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Benefit Payments

The benefit payment requirements of the Plan members and the District are established and may be amended by the District and the Hemet Teachers Association (HTA), the local California School Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, HTA, CSEA, and the unrepresented groups are based on availability of funds. For the measurement date of June 30, 2023, the District paid $959,751 in benefits.

Total OPEB Liability of the District and Transportation

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50	percent
Salary increases	2.75	percent, average, including inflation
Discount rate	3.65	percent
Healthcare cost trend rates	4.00	percent

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actual experience study for the period July 1, 2022 to June 30, 2023.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	$ 31,048,440
Service cost	2,216,368
Interest	1,121,357
Changes of assumptions	(292,855)
Benefit payments	(959,751)
Net change in total OPEB liability	2,085,119
Balance, June 30, 2023	$ 33,133,559

No changes to benefits noted from the prior evaluation.

Change in assumptions reflect a change in the discount rate from 3.54% in 2022 to 3.65% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.65%)	$ 35,651,752
Current discount rate (3.65%)	33,133,559
1% increase (4.65%)	30,804,987

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	$ 29,100,071
Current healthcare cost trend rate (4.00%)	33,133,559
1% increase (5.00%)	37,894,533

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

For the year ended June 30, 2023, the District and Transportation recognized OPEB expense of $30,733,183 and $2400,376, respectively. At June 30, 2023, District reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 8,392,921
Changes of assumptions	1,914,680	3,161,340
Total	$ 1,914,680	$ 11,554,261

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (719,479)
2025	(719,479)
2026	(719,479)
2027	(719,479)
2028	(719,479)
Thereafter	(6,042,186)
Total	$ (9,639,581)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2023, the District reported a liability of $1,085,004 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.3294 % and 0.3419%, respectively, resulting in a net decrease in the proportionate share of 0.0125%.

For the year ended June 30, 2023, the District recognized OPEB expense of $(278,520).

Actuarial Methods and Assumptions

The June 30, 2022 net OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the net OPEB liability to June 30, 2022, using the assumptions listed in the following table:

Measurement Date	June 30, 2022	June 30, 2021
Valuation Date	June 30, 2021	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.54%	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2021, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 209 or an average of 0.14% of the potentially eligible population (145,282).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2022, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022, is 3.54%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.54%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2022, was applied to all periods of projected benefit payments to measure the net OPEB liability. The discount rate increased 1.38% from 2.16% as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (2.54%)	$ 1,182,863
Current discount rate (3.54%)	1,085,004
1% increase (4.54%)	1,000,270

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District's proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	$ 995,531
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,085,004
1% increase (5.50% Part A and 6.40% Part B)	1,186,426

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of $37,625,000 as of June 30, 2023, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 12 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 12,770	$ -	$ 200	$ 12,970
Stores inventories	207,222	-	994,627	1,201,849
Total nonspendable	219,992	-	994,827	1,214,819
Restricted				
Legally restricted programs	89,769,520	-	11,682,829	101,452,349
Capital projects	-	46,570,879	37,175,466	83,746,345
Debt services	-	-	28,287,204	28,287,204
Total restricted	89,769,520	46,570,879	77,145,499	213,485,898
Committed				
Health and Welfare HTA Reserve	1,815,428	-	-	1,815,428
Supplemental and concentration Grant carryover for LCAP Priorities	16,722,898	-	-	16,722,898
Reserve for deficit spending	50,074,294	-	-	50,074,294
Total committed	68,612,620	-	-	68,612,620
Assigned				
Other postemployment benefits	18,093,233	-	-	18,093,233
Other	15,749,702	-	12,701,741	28,451,443
Total assigned	33,842,935	-	12,701,741	46,544,676
Unassigned				
Reserve for economic uncertainties	19,687,127	-	-	19,687,127
Remaining unassigned	18,546	-	-	18,546
Total unassigned	19,705,673	-	-	19,705,673
Total	$ 212,150,740	$ 46,570,879	$ 90,842,067	$ 349,563,686

Note 13 - Risk Management

Description

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of $250 million, subject to Member Retained Limits ranging from $250 to $5,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to $1 million per occurrence with excess liability coverage up to $24 million per occurrence and $52 million aggregate, all subject to a $5,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to $1,000,000 per occurrence with excess coverage up to $10,000,000.

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Employee Medical Benefits

The District has contracted with California Schools Employee Benefits Association (CSEBA) to provide employee health benefits. CSEBA is a shared risk pool comprised of Districts state-wide. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represent the changes in approximate aggregate liabilities for the District from July 1, 2021 to June 30, 2023:

	Workers' Compensation
Liability Balance, July 1, 2021	$ 8,692,068
Claims and changes in estimates	1,812,209
Claims payments	(1,576,513)
Liability Balance, June 30, 2022	8,927,764
Claims and changes in estimates	5,721,667
Claims payments	(4,460,301)
Liability Balance, June 30, 2023	$ 10,189,130
Assets available to pay claims at June 30, 2023	$ 10,678,999

Note 14 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 152,499,529	$ 41,713,951	$ 26,185,532	$ 14,033,688
CalPERS	138,456,978	46,515,818	5,746,375	17,206,086
Total	$ 290,956,507	$ 88,229,769	$ 31,931,907	$ 31,239,774

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were $28,060,759.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 152,499,529
State's proportionate share of the net pension liability	76,371,168
Total	$ 228,870,697

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.2195% and 0.2274%, respectively, resulting in a net decrease in the proportionate share of 0.0079%.

For the year ended June 30, 2023, the District recognized pension expense of $14,033,688. In addition, the District recognized pension expense and revenue of $6,159,284 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 28,060,759	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	5,965,228	7,293,726
Differences between projected and actual earnings on pension plan investments	-	7,457,523
Differences between expected and actual experience in the measurement of the total pension liability	125,097	11,434,283
Changes of assumptions	7,562,867	-
Total	$ 41,713,951	$ 26,185,532

The deferred outflows/(inflows) of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (5,478,104)
2025	(5,934,598)
2026	(8,914,972)
2027	12,870,151
Total	$ (7,457,523)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 4,924,923
2025	(1,007,880)
2026	(2,411,950)
2027	(2,236,099)
2028	(2,681,116)
Thereafter	(1,662,695)
Total	$ (5,074,817)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2019 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Fixed income	15%	1.3%
Real estate	13%	3.6%
Private equity	12%	6.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	(0.4%)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 259,000,762
Current discount rate (7.10%)	152,499,529
1% increase (8.10%)	64,071,486

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) and the Safety Risk Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation reports, Schools Pool Actuarial Valuation, and the Risk Pool Actuarial Valuation Report, Safety. These reports and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

CalPERS provide 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 service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were $19,038,998.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $138,456,978. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, was 0.4024% and 0.4025%, respectively, resulting in a net decrease in the proportionate share of 0.0001%.

For the year ended June 30, 2023, the District recognized pension expense of $17,206,086. At June 30, 2023, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 19,038,998	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	260,812	2,301,388
Differences between projected and actual earnings on pension plan investments	16,348,003	-
Differences between expected and actual experience in the measurement of the total pension liability	625,745	3,444,987
Changes of assumptions	10,242,260	-
Total	$ 46,515,818	$ 5,746,375

The deferred outflows/(inflows) of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 2,726,326
2025	2,418,063
2026	1,235,177
2027	9,968,437
Total	$ 16,348,003

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2024	$ 1,349,469
2025	1,985,996
2026	2,145,543
2027	(98,566)
Total	$ 5,382,442

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity - non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers 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 these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 200,008,116
Current discount rate (6.90%)	138,456,978
1% increase (7.90%)	87,587,225

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $12,251,535 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Construction Commitments

As of June 30, 2023, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Asphalt Slurry Seal Project (Multiple Sites M&O)	$ 104,462	2023-2024
Athletic Field Lighting Project	36,900	2024-2025
Cell Tower Projects	5,800	2023-2024
Exterior Painting Projects (M&O Multiple Sites)	117,060	2023-2024
Fruitvale CFD Projects	7,845	2023-2024
Fruitvale Playground Modernization	189,436	2024-2025
Hamilton High Relocation Addition	1,001	2023-2024
Hemet HS Chiller Project	45,959	2023-2024
HVAC Projects	407,643	2024-2025
Keyless Entry Projects	1,406,634	2023-2024
LCD Projector Project (State Withholding)	4,755	2023-2024
Little Lake Modernization	2,318,028	2023-2024
Nutrition Kitchen Updates (Multiple Sites)	224,805	2023-2024
PDSC Building Expansion	664,953	2025-2026
PDSC Phone System Upgrade (M&O)	21,462	2023-2024
PDS Relo Additions	25,000	2023-2024
Ramona Elementary Modernization	5,426,408	2023-2024
Ramona Elementary Street Campus - Site Improvements	3,500	2023-2024
Relocation Additions (20)	8,743,147	2024-2025
Relocation Additions (WVHS Softball Title 9)	335,098	2023-2024
Roofing Projects (M&O Various Sites)	303,208	2023-2024
Standby Power Projects (Multiple Sites)	1,235,976	2024-2025
Store Front Projects Phase 3	278,261	2023-2024
Transitional Kindergarten	11,607	2023-2024
Valle Vista Annex DSA Certification Project	4,650	2025-2026
Whittier Modernization	797,030	2025-2026
Whittier Playground Modernization	905	2023-2024
WVHS Agriculture Building	177,023	2024-2025
WVHS Pool	2,305,970	2023-2024
WVHS Theater Seating Project 2	4,487	2023-2024
Total	$ 25,209,013	

Note 16 - Participation Joint Powers Authority

The District is a member of the California Schools Employee Benefits Association (CSEBA) and the Southern California Regional Liability Excess Fund (SoCal ReLiEF) a joint powers authority (JPA). The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the JPA and the District are included in these statements. Audited financial statements are available from the respective entities.

During the year ended June 30, 2023, the District made payments of $33,088,677 and $2,479,078 to CSEBA and SoCal ReLiEF, respectively, for its health coverage and property liability.

Note 17 - Adoption of New Accounting Standard

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription IT asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 96 as follows:

Governmental Activities	
Net Position - Beginning, as previously reported on June 30, 2022	$ 117,389,626
Right-to-use subscription IT assets, net of amortization	349,802
Subscription liabilities	(319,852)
Net Position - Beginning as Restated on July 1, 2022	$ 117,419,576

Required Supplementary Information
June 30, 2023

Hemet Unified School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 273,803,640	$ 289,975,051	$ 292,965,073	$ 2,990,022
Federal sources [2]	36,106,148	59,872,425	49,364,637	(10,507,788)
Other State sources [2]	39,873,833	95,356,693	104,461,408	9,104,715
Other local sources	23,498,697	24,730,712	28,781,621	4,050,909
Total revenues [1]	373,282,318	469,934,881	475,572,739	5,637,858
Expenditures				
Current				
Certificated salaries	155,963,307	151,552,665	151,605,544	(52,879)
Classified salaries	65,871,080	63,885,932	63,624,149	261,783
Employee benefits	94,953,069	88,016,080	85,686,949	2,329,131
Books and supplies	18,414,687	22,337,164	18,280,296	4,056,868
Services and operating expenditures	46,872,308	56,202,706	51,112,519	5,090,187
Other outgo	(766,228)	(737,663)	(240,970)	(496,693)
Capital outlay	9,046,505	21,414,125	16,414,802	4,999,323
Debt service				
Debt service - principal	2,224,362	2,224,362	260,567	1,963,795
Debt service - interest and other	1,453,757	1,395,197	2,209	1,392,988
Total expenditures [1]	394,032,847	406,290,568	386,746,065	19,544,503
Excess (Deficiency) of Revenues Over Expenditures	(20,750,529)	63,644,313	88,826,674	25,182,361
Other Financing Sources (Uses)				
Transfers in	6,532,151	5,426,077	6,639,676	1,213,599
Other sources			303,845	303,845
Transfers out	(2,000,000)	(3,337,102)	(4,476,626)	(1,139,524)
Net financing sources (uses)	4,532,151	2,088,975	2,466,895	377,920
Net Change in Fund Balances	(16,218,378)	65,733,288	91,293,569	25,560,281
Fund Balance - Beginning	120,857,171	120,857,171	120,857,171	-
Fund Balance - Ending	$ 104,638,793	$ 186,590,459	$ 212,150,740	$ 25,560,281

1 Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however are not included in the original and final General Fund budgets.

2 Revenues received for CARES Act (COVID-19) were included in the adopted budget, unspent funds were recorded as unearned revenue in accordance with Generally Accepted Accounting Principles (GAAP).

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service cost	$ 2,216,368	$ 3,019,256	$ 2,920,515	$ 3,189,197	$ 2,958,458
Interest	1,121,357	843,568	797,112	1,222,862	1,088,299
Difference between expected and actual experience	-	(6,501,909)	-	(3,722,688)	-
Changes of assumptions	(292,855)	(3,315,141)	121,685	1,806,063	755,071
Benefit payments	(959,751)	(1,083,593)	(1,050,343)	(1,084,900)	(1,060,211)
Net change in total OPEB liability	2,085,119	(7,037,819)	2,788,969	1,410,534	3,741,617
Total OPEB Liability - Beginning	31,048,440	38,086,259	35,297,290	33,886,756	30,145,139
Total OPEB Liability - Ending	$ 33,133,559	$ 31,048,440	$ 38,086,259	$ 35,297,290	$ 33,886,756
Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2021

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

	2018
Total OPEB Liability	
Service cost	$ 2,879,278
Interest	1,068,087
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(1,019,434)
Net change in total OPEB liability	2,927,931
Total OPEB Liability - Beginning	27,217,208
Total OPEB Liability - Ending	$ 30,145,139
Covered Payroll	N/A[1]
Total OPEB Liability as a Percentage of Covered Payroll	N/A[1]
Measurement Date	June 30, 2020

[1] The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

Note: In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2023	2022	2021	2020	2019
Proportion of the net OPEB liability	0.3294%	0.3419%	0.3895%	0.3878%	0.3887%
Proportionate share of the net OPEB liability	$ 1,085,004	$ 1,363,524	$ 1,650,620	$ 1,444,124	$ 1,487,816
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.80%)	(0.71%)	(0.81%)	(0.40%)
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Year ended June 30,	2018
Proportion of the net OPEB liability	0.3691%
Proportionate share of the net OPEB liability	$ 1,552,626
Covered payroll	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%
Measurement Date	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

CalSTRS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.2195%	0.2274%	0.2235%	0.2192%	0.2166%
Proportionate share of the net pension liability	$ 152,499,529	$ 103,495,149	$ 216,622,626	$ 197,984,969	$ 199,031,497
State's proportionate share of the net pension liability	76,371,168	52,074,745	111,668,989	108,014,018	113,954,840
Total	$ 228,870,697	$ 155,569,894	$ 328,291,615	$ 305,998,987	$ 312,986,337
Covered payroll	$ 134,100,083	$ 124,983,325	$ 123,919,474	$ 121,734,902	$ 117,924,823
Proportionate share of the net pension liability as a percentage of its covered payroll	113.72%	82.81%	174.81%	162.64%	168.78%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.2038%	0.2081%	0.2040%	0.1826%
Proportionate share of the net pension liability	$ 188,518,139	$ 168,316,604	$ 137,370,181	$ 106,695,256
State's proportionate share of the net pension liability	111,525,738	95,819,640	72,653,682	64,427,202
Total	$ 300,043,877	$ 264,136,244	$ 210,023,863	$ 171,122,458
Covered payroll	$ 110,506,645	$ 104,777,884	$ 94,422,286	$ 101,633,888
Proportionate share of the net pension liability as a percentage of its covered payroll	170.59%	160.64%	145.48%	104.98%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

CalPERS	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.4024%	0.4025%	0.4093%	0.4157%	0.4001%
Proportionate share of the net pension liability	$ 138,456,978	$ 81,837,989	$ 125,574,879	$ 121,156,596	$ 106,672,428
Covered payroll	$ 63,268,381	$ 58,899,971	$ 59,079,535	$ 59,091,651	$ 65,038,729
Proportionate share of the net pension liability as a percentage of its covered payroll	218.84%	138.94%	212.55%	205.03%	164.01%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

	2018	2017	2016	2015
Proportion of the net pension liability	0.3950%	0.3874%	0.3753%	0.3178%
Proportionate share of the net pension liability	$ 94,289,877	$ 76,508,391	$ 55,315,901	$ 40,039,851
Covered payroll	$ 54,065,452	$ 66,483,861	$ 41,568,601	$ 42,763,912
Proportionate share of the net pension liability as a percentage of its covered payroll	174.40%	115.08%	133.07%	93.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%
Measurement Date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

CalSTRS	2023	2022	2021	2020	2019
Contractually required contribution	$ 28,060,759	$ 22,689,734	$ 20,184,807	$ 21,190,230	$ 19,818,442
Less contributions in relation to the contractually required contribution	28,060,759	22,689,734	20,184,807	21,190,230	19,818,442
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 146,914,969	$ 134,100,083	$ 124,983,325	$ 123,919,474	$ 121,734,902
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%

	2018	2017	2016	2015
Contractually required contribution	$ 17,016,552	$ 13,901,736	$ 11,242,667	$ 8,384,699
Less contributions in relation to the contractually required contribution	17,016,552	13,901,736	11,242,667	8,384,699
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 117,924,823	$ 110,506,645	$ 104,777,884	$ 94,422,286
Contributions as a percentage of covered payroll	14.43%	12.58%	10.73%	8.88%

Note : In the future, as data becomes available, ten years of information will be presented.

CalPERS	2023	2022	2021	2020	2019
Contractually required contribution	$ 19,038,998	$ 14,494,786	$ 12,192,294	$ 11,651,075	$ 10,673,134
Less contributions in relation to the contractually required contribution	19,038,998	14,494,786	12,192,294	11,651,075	10,673,134
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 75,045,321	$ 63,268,381	$ 58,899,971	$ 59,079,535	$ 59,091,651
Contributions as a percentage of covered payroll	25.370%	22.910%	20.700%	19.721%	18.062%

	2018	2017	2016	2015
Contractually required contribution	$ 10,101,165	$ 7,508,610	$ 7,876,343	$ 4,893,040
Less contributions in relation to the contractually required contribution	10,101,165	7,508,610	7,876,343	4,893,040
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 65,038,729	$ 54,065,452	$ 66,483,861	$ 41,568,601
Contributions as a percentage of covered payroll	15.531%	13.888%	11.847%	11.771%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Change in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.
- *Change of Assumptions* – Liability changes resulting from changes in economic and demographic assumptions are also deferred based on the average working life. In addition, the discount rate was changed from 3.54% to 3.65%.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 2.16% to 3.54% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Change of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2023

Hemet Unified School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through California Department of Education (CDE)			
Child Nutrition Cluster			
Basic School Breakfast	10.553	13525	$ 25,403
Especially Needy Breakfast	10.553	13526	2,354,270
Subtotal			2,379,673
National School Lunch Program (NSLP) - Section 4	10.555	13523	2,158,756
National School Lunch Program - Section 11	10.555	13524	7,843,891
National School Lunch Program - Commodity Supplemental Food	10.555	13391	927,926
National School Lunch Program - Meal Supplements	10.555	13755	36,531
COVID-19: Supply Chain Assistance (SCA) Funds	10.555	15655	488,836
Subtotal			11,455,940
National School Lunch Program - Summer Food Program	10.559	13004	236,625
Fresh Fruit and Vegetable Program	10.582	14968	78,958
Total Child Nutrition Cluster			14,151,196
NSLP Equipment Assistance Grants	10.579	14906	177,058
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	1,213,965

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Forest Services Schools and Road Cluster			
Forest Reserve	10.665	10044	$ 79,058
Total Forest Services School and Road Cluster			79,058
Total U.S. Department of Agriculture			15,621,277
U.S. Department of Defense			
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	185,353
U.S. Department of Education			
Passed Through Riverside County Special Education Local Plan Area			
Special Education Cluster			
Special Education Grants to States - Basic Local Assistance	84.027	13379	4,706,586
Special Education Grants to States - Mental Health Average Daily Attendance (ADA) Allocation	84.027A	15197	309,959
COVID-19: Special Education Grants to States - American Rescue Plan (ARP) Basic Local Assistance	84.027	15638	151,769
Subtotal			5,168,314
Special Education Preschool Grants	84.173	13430	83,146
COVID-19: Special Education Preschool Grants - ARP	84.173	15639	13,465
Special Education Preschool Grants - Preschool Staff Development	84.173A	13431	816
Subtotal			97,427
Total Special Education Cluster			5,265,741

[1] Assistance Listing Number not available

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Passed Through CDE			
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	$ 503,299
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	10,436,080
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	13,470,459
COVID-19: ARP Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	1,909,496
COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund: State Reserve	84.425D	15618	2,540,995
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Emergency Needs	84.425D	15620	70,835
COVID-19: Elementary and Secondary School Emergency Relief III (ESSER III) Fund: State Reserve, Learning Loss	84.425D	15621	135,921
COVID-19: Governor’s Emergency Education Relief (GEER) Fund	84.425C	15517	161,520
COVID-19: Governor’s Emergency Education Relief II (GEER II) Fund, State Reserve, Emergency Needs	84.425C	15619	566,563
COVID-19: ARP Homeless Children and Youth II (ARP HYC II)	84.425W	15566	98,504
Subtotal			29,893,672
Title I Grants to Local Educational Agencies	84.010	14329	8,274,702
School Improvement Funding for LEAs	84.010	15438	504,714
Subtotal			8,779,416

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Career and Technical Education - Basic Grants to States	84.048	14894	$ 259,636
Indian Education Grants to Local Educational Agencies	84.060	10011	25,970
Education for Homeless Children and Youth	84.196	14332	10,946
Twenty-First Century Community Learning Centers	84.287	14349	544,238
English Language Acquisition State Grants - LEP	84.365	14346	397,345
Supporting Effective Instruction State Grants - Teacher Quality	84.367	14341	999,940
Student Support and Academic Enrichment Program	84.424	15396	740,900
Student Financial Assistance Cluster			
Federal Work-Study Program	84.033	[1]	339,169
Total Student Financial Assistance Cluster			339,169
Total U.S. Department of Education			47,256,973
U.S. Department of Health and Human Services			
Passed Through California Department of Health and Human Services			
Head Start	93.600	10016	1,874,990
Total U.S. Department of Health and Human Services			1,874,990
Total Financial Assistance			$ 64,938,593

[1] Assistance Listing Number not available

Organization

The Hemet Unified School District was established on July 1, 1966, and consists of an area comprising approximately 650 square miles. The District operates thirteen elementary schools, two K-8 schools, one K-8 dual language academy, four middle schools, one 6-12 school, three high schools, one continuation high school, two alternative independent study schools, an adult education school, and one charter school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Stacey Bailey	President	2024
Sumanta Chaudhuri Saini	Vice President	2024
Al Cordova	Member	2026
Jeremy Parsons	Member	2026
Kenneth Prado	Member	2026
Patrick Searl	Member	2024
Horacio “Ross” Valenzuela	Member	2026

ADMINISTRATION

NAME	TITLE
Dr. Christi Barrett	Superintendent
Darrin Watters	Deputy Superintendent, Business Services
Dr. Nereyda Gonzalez	Assistant Superintendent, Educational Services
Dr. Jennifer Martin	Assistant Superintendent, Improvement and Analytics
Dr. Mary Wendland	Assistant Superintendent, Student Services
Dr. Derek Jindra	Assistant Superintendent, Human Resources
Carolyn Yoakum	Director of Fiscal Services

	Final Report	
	Second Period Report 5BDC5B98	Annual Report 5BDC5BED
Hemet Unified School District		
Regular ADA		
Transitional kindergarten through third	6,064.56	6,086.67
Fourth through sixth	4,468.49	4,462.54
Seventh and eighth	2,647.56	2,638.21
Ninth through twelfth	6,131.68	6,088.94
Total Regular ADA	19,312.29	19,276.36
Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	1.89	1.94
Seventh and eighth	1.62	1.65
Ninth through twelfth	5.29	5.38
Total Special Education, Nonpublic, Nonsectarian Schools	8.80	8.97
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.06	0.06
Seventh and eighth	0.11	0.11
Ninth through twelfth	0.63	0.63
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.80	0.80
Total ADA	19,321.89	19,286.13

	Final Report	
	Second Period Report 8DCBAAE5	Annual Report CB15DC98
Western Center Academy		
Regular ADA		
Fifth through sixth	122.04	121.63
Seventh and eighth	254.09	253.69
Ninth through twelfth	331.34	329.95
Total Regular ADA	707.47	705.27
Classroom-Based ADA		
Fourth through sixth	122.04	121.63
Seventh and eighth	254.09	253.69
Ninth through twelfth	331.34	329.95
Total Classroom-Based ADA	707.47	705.27

Hemet Unified School District

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	36,000	48,765	1,104	49,869	176	4	180	-	-	-	Complied
Grades 1 - 3	50,400										
Grade 1		53,155	1,205	54,360	176	4	180	-	-	-	Complied
Grade 2		53,155	1,205	54,360	176	4	180	-	-	-	Complied
Grade 3		53,155	1,205	54,360	176	4	180	-	-	-	Complied
Grades 4 - 8	54,000										
Grade 4		54,574	1,238	55,812	176	4	180	-	-	-	Complied
Grade 5		54,574	1,238	55,812	176	4	180	-	-	-	Complied
Grade 6		59,784	1,356	61,140	176	4	180	-	-	-	Complied
Grade 7		59,784	1,356	61,140	176	4	180	-	-	-	Complied
Grade 8		59,784	1,356	61,140	176	4	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		63,394	1,636	65,030	176	4	180	-	-	-	Complied
Grade 10		63,394	1,636	65,030	176	4	180	-	-	-	Complied
Grade 11		63,394	1,636	65,030	176	4	180	-	-	-	Complied
Grade 12		63,394	1,636	65,030	176	4	180	-	-	-	Complied

* The District received an approved J-13A for 4 days.

Western Center Academy

					Traditional Calendar			Multitrack Calendar			
Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Minutes Credited Form J-13A*	Total Minutes Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Number of Actual Days	Number of Days Credited Form J-13A*	Total Days Offered	Status
Grades 6 - 8	54,000										
Grade 6		57,631	1,334	58,965	176	4	180	-	-	-	Complied
Grade 7		57,631	1,334	58,965	176	4	180	-	-	-	Complied
Grade 8		57,631	1,334	58,965	176	4	180	-	-	-	Complied
Grades 9 - 12	64,800										
Grade 9		63,531	1,444	64,975	176	4	180	-	-	-	Complied
Grade 10		63,531	1,444	64,975	176	4	180	-	-	-	Complied
Grade 11		63,531	1,444	64,975	176	4	180	-	-	-	Complied
Grade 12		63,531	1,444	64,975	176	4	180	-	-	-	Complied

* The Charter School received an approved J-13A for 4 days.

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

	(Budget) 2024 [1]	2023	2022 [1]	2021 [1]
General Fund				
Revenues [3]	$ 421,614,238	$ 475,572,739	$ 387,943,032	$ 338,215,241
Other sources	6,074,389	6,639,676	552,346	2,880,321
Total Revenues and Other Sources	427,688,627	482,212,415	388,495,378	341,095,562
Expenditures [3]	492,675,749	386,746,065	329,478,716	301,466,615
Other uses	500,000	4,476,626	21,213,599	3,907,323
Total Expenditures and Other Uses	493,175,749	391,222,691	350,692,315	305,373,938
Increase/(Decrease) in Fund Balance	(65,487,122)	90,989,724	37,803,063	35,721,624
Ending Fund Balance	$ 146,663,618	$ 212,150,740	$ 121,161,016	$ 83,357,953
Available Reserves [2, 3]	$ 24,658,787	$ 19,705,673	$ 18,038,118	$ 15,186,363
Available Reserves as a Percentage of Total Outgo	5.00%	5.04%	5.14%	4.97%
Long-Term Liabilities [4]	N/A	$ 619,891,834	$ 518,821,640	$ 627,920,594
K-12 Average Daily Attendance at P-2 [5]	19,869	19,322	18,293	20,220

The General Fund balance has increased by $128,792,787 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $65,487,122 (30.87%). For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all of the past three years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by $8,028,760 over the past two years.

Average daily attendance has decreased by 898 over the past two years. Growth of 547 ADA is anticipated during fiscal year 2023-2024.

1 Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

2 Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained within the General Fund.

3 Due to the consolidation of Fund 14, Deferred Maintenance Fund and Fund 20, Special Reserve Fund for Postemployment Benefits for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures.

4 Long-term liabilities are related to governmental activities and do not include business-type activities.

5 Excludes charter school ADA.

Name of Charter School	Charter Number	Included in Audit Report
Western Center Academy	1144	Yes

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Assets					
Deposits and investments	$ 1,867,702	$ 2,547,314	$ 8,409	$ 1,551,746	$ 3,854,972
Receivables	-	742,441	160,572	379,046	2,649,038
Due from other funds	-	669,613	508	985,846	72,845
Stores inventories	56,948	-	-	-	937,679
Total assets	$ 1,924,650	$ 3,959,368	$ 169,489	$ 2,916,638	$ 7,514,534
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ 336,880	$ 9,027	$ 115,291	$ 53,666
Due to other funds	-	1,049,076	22,697	78,919	131,129
Unearned revenue	-	-	-	2,010,338	-
Total liabilities	-	1,385,956	31,724	2,204,548	184,795
Fund Balances					
Nonspendable	56,948	-	-	-	937,879
Restricted	1,867,702	2,573,412	137,765	712,090	6,391,860
Assigned	-	-	-	-	-
Total fund balances	1,924,650	2,573,412	137,765	712,090	7,329,739
Total liabilities and fund balances	$ 1,924,650	$ 3,959,368	$ 169,489	$ 2,916,638	$ 7,514,534

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 31,313,266	$ 13,456,153	$ 6,601,910	$ 28,286,067	$ 1,137	$ 89,488,676
Receivables	2,193,576	258,435	-	-	-	6,383,108
Due from other funds	325,234	-	-	-	-	2,054,046
Stores inventories	-	-	-	-	-	994,627
Total assets	$ 33,832,076	$ 13,714,588	$ 6,601,910	$ 28,286,067	$ 1,137	$ 98,920,457
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 3,258,520	$ 1,012,847	$ -	$ -	$ -	$ 4,786,231
Due to other funds	-	-	-	-	-	1,281,821
Unearned revenue	-	-	-	-	-	2,010,338
Total liabilities	3,258,520	1,012,847	-	-	-	8,078,390
Fund Balances						
Nonspendable	-	-	-	-	-	994,827
Restricted	30,573,556	-	6,601,910	28,286,067	1,137	77,145,499
Assigned	-	12,701,741	-	-	-	12,701,741
Total fund balances	30,573,556	12,701,741	6,601,910	28,286,067	1,137	90,842,067
Total liabilities and fund balances	$ 33,832,076	$ 13,714,588	$ 6,601,910	$ 28,286,067	$ 1,137	$ 98,920,457

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Revenues					
Local Control Funding Formula	$ -	$ 8,798,252	$ -	$ -	$ -
Federal sources	-	37,357	-	133,973	15,542,217
Other State sources	-	2,678,289	825,672	2,414,064	4,138,705
Other local sources	2,395,815	758,399	13,239	33,792	12,968
Total revenues	2,395,815	12,272,297	838,911	2,581,829	19,693,890
Expenditures					
Current					
Instruction	-	5,880,257	504,570	1,590,110	-
Instruction-related activities					
Supervision of instruction	-	3,613	-	206,389	-
School site administration	-	1,017,675	295,466	124,771	-
Pupil services					
Food services	-	3,377	-	2,368	14,519,174
All other pupil services	-	313,680	7,958	201	-
Administration					
All other administration	-	436,794	38,479	177,001	479,077
Plant services	-	1,598,974	146	42,566	318,959
Ancillary services	2,290,826	343,034	-	-	-
Facility acquisition and construction	-	-	-	299,755	117,252
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	2,290,826	9,597,404	846,619	2,443,161	15,434,462

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Excess (Deficiency) of Revenues Over Expenditures	$ 104,989	$ 2,674,893	$ (7,708)	$ 138,668	$ 4,259,428
Other Financing Sources (Uses)					
Transfers in	-	46,794	-	-	-
Other sources - proceeds on general obligation bonds issuances	-	-	-	-	-
Other sources - premium on general obligation bonds issuances	-	-	-	-	-
Transfers out	-	(802,309)	-	-	(316,167)
Net Financing Sources (Uses)	-	(755,515)	-	-	(316,167)
Net Change in Fund Balances	104,989	1,919,378	(7,708)	138,668	3,943,261
Fund Balance - Beginning	1,819,661	654,034	145,473	573,422	3,386,478
Fund Balance - Ending	$ 1,924,650	$ 2,573,412	$ 137,765	$ 712,090	$ 7,329,739

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues						
Local Control Funding Formula	$ -	$ -	$ -	$ -	$ -	$ 8,798,252
Federal sources	-	-	-	-	-	15,713,547
Other State sources	-	-	-	156,001	-	10,212,731
Other local sources	13,339,273	54,127	3,747,369	18,672,019	2,767	39,029,768
Total revenues	13,339,273	54,127	3,747,369	18,828,020	2,767	73,754,298
Expenditures						
Current						
Instruction	-	-	-	-	-	7,974,937
Instruction-related activities						
Supervision of instruction	-	-	-	-	-	210,002
School site administration	-	-	-	-	-	1,437,912
Pupil services						
Food services	-	-	-	-	-	14,524,919
All other pupil services	-	-	-	-	-	321,839
Administration						
All other administration	402,838	-	-	-	-	1,534,189
Plant services	72	438,572	-	-	-	2,399,289
Ancillary services	-	-	-	-	-	2,633,860
Facility acquisition and construction	5,864,246	4,287,608	-	-	-	10,568,861
Debt service						
Principal	-	-	-	8,530,000	2,465,000	10,995,000
Interest and other	-	-	-	7,828,898	1,528,237	9,357,135
Total expenditures	6,267,156	4,726,180	-	16,358,898	3,993,237	61,957,943

	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Capital Projects Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	$ 7,072,117	$ (4,672,053)	$ 3,747,369	$ 2,469,122	$ (3,990,470)	$ 11,796,355
Other Financing Sources (Uses)						
Transfers in	859,893	4,177	-	-	3,991,602	4,902,466
Other sources - proceeds on general obligation bonds issuances	-	-	-	406,872	-	406,872
Other sources - premium on general obligation bonds issuances	-	-	-	2,095,629	-	2,095,629
Transfers out	-	-	(817,274)	-	-	(1,935,750)
Net Financing Sources (Uses)	859,893	4,177	(817,274)	2,502,501	3,991,602	5,469,217
Net Change in Fund Balances	7,932,010	(4,667,876)	2,930,095	4,971,623	1,132	17,265,572
Fund Balance - Beginning	22,641,546	17,369,617	3,671,815	23,314,444	5	73,576,495
Fund Balance - Ending	$ 30,573,556	$ 12,701,741	$ 6,601,910	$ 28,286,067	$ 1,137	$ 90,842,067

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, *and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Summary of Significant Accounting Policies
Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the ten percent de minimis cost rate.

Food Donation
Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had no food commodities in inventory.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balances Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2023

Hemet Unified School District

Independent Auditor's 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*

To the Governing Board
Hemet Unified School District
Hemet, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Hemet Unified School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 29, 2024.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2022, to restate beginning net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 29, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Hemet Unified School District
Hemet, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hemet Unified School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 29, 2024

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Hemet Unified School District
Hemet, California

Report on Compliance

Opinion on State Compliance

We have audited Hemet Unified School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards),* and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	No, see below
After/Before School Education and Safety Program	Yes, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	Yes
Charter School Facility Grant Program	Yes

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

We did not perform procedures for the Nonclassroom-Based Instruction/Independent Study nor for Determination of Funding for Nonclassroom-Based Instruction because the Charter School is classroom-based.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.
A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
February 29, 2024

Schedule of Findings and Questioned Costs
June 30, 2023

Hemet Unified School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
Special Education Cluster (IDEA)	84.027, 84.027A, 84.173, 84.173A
COVID-19: Education Stabilization Fund (ESF)	84.425C, 84.425D, 84.425U, 84.425W

Dollar threshold used to distinguish between type A and type B programs	$1,948,158
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (this “Disclosure Certificate”) is executed and delivered by the Hemet Unified School District (the “District”) in connection with the issuance of $__________ aggregate principal amount of Hemet Unified School District (Riverside County, California) 2024 General Obligation Bonds, Election of 2018, Series E (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Governing Board of the District on September 10, 2024 (the “Resolution”). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Resolution, 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” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 hereof.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean, for the purposes of the Listed Events set out in Section 5(a)(x) and 5(b)(viii), 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 defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) hereof.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

“Official Statement” shall mean the Official Statement, dated __________, 2024 (including all exhibits or appendices thereto), relating to the offer and sale of Bonds.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean 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. <u>Provision of Annual Reports</u>. (a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (which due date shall be March 31 of each year, so long as the District's fiscal year ends on June 30), commencing with the report for the 2023-24 Fiscal Year (which is due not later than March 31, 2025), provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 hereof. The Annual Report must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB, and may cross-reference other information as provided in Section 4 hereof; provided, however, that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to the date specified in subsection (a), the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) (if the Dissemination Agent is other than the District), provide any Annual Report received by it to the MSRB as provided herein; and

(ii) (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided to the MSRB pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. <u>Content of Annual Reports</u>. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a) hereof, 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 provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) The adopted budget of the District for the then current fiscal year, or a summary thereof;

(ii) The average daily attendance in District schools on an aggregate basis for the last completed fiscal year;

(iii) The District's outstanding debt;

(iv) Information regarding total assessed valuation (secured, unsecured and total) of taxable properties within the District for the then current fiscal year, if and to the extent made available by the County of Riverside (the "County"). If and to the extent such information is not made available by the County, a statement to that effect shall be included in the Annual Report;

(v) Information regarding ten taxpayers with the greatest combined ownership of taxable property in the District for the then current fiscal year, if and to the extent made available by the County. If and to the extent such information is not made available by the County, a statement to that effect shall be included in the Annual Report; and

(vi) If the County no longer includes the tax levy for payment of the Bonds in its Teeter Plan, information regarding total secured tax charges and delinquencies on taxable properties within the District for the last completed fiscal year, if and to the extent made available by the County. If and to the extent such information is not made available by the County, a statement to that effect shall be included in the Annual Report.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been made available to the public on the MSRB's website. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events. (a) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iii) unscheduled draws on credit enhancements reflecting financial difficulties;

(iv) substitution of credit or liquidity providers or their failure to perform;

(v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(vi) tender offers;

(vii) defeasances;

(viii) rating changes;

(ix) bankruptcy, insolvency, receivership or similar event of the District; or

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

For the purposes of the event identified in subparagraph (ix), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) The District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(i) unless described in paragraph 5(a)(v), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(ii) modifications to rights of Bond Holders;

(iii) Bond calls;

(iv) release, substitution, or sale of property securing repayment of the Bonds;

(v) non-payment related defaults;

(vi) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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;

(vii) appointment of a successor or additional paying agent or the change of name of a paying agent; or

(viii) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bond holders.

(c) The District shall give, or cause to be given, in a timely manner, notice of a failure to provide the annual financial information on or before the date specified in Section 3 hereof, as provided in Section 3(b) hereof.

(d) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the District determines would be material under applicable federal securities laws, the District shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(iii) 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 pursuant to the Resolution.

(e) The District intends to comply with the Listed Events described in subsection (a)(x) and subsection (b)(viii), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

Section 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District'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 District shall give notice of such termination in a filing with the MSRB.

Section 8. Dissemination Agent. The District 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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc., doing business as Applied Best Practices.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District 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 Section 3(a) hereof, Section 4 hereof, or Section 5(a) or (b) hereof, 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 the District with respect to the Bonds, or the type of business conducted;

(b) the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance 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 the Holders in the same manner as provided in the Resolution for amendments to the Resolution 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.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District 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 required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the District 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 or any other event required to be reported.

Section 11. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, 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 District to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County or in U.S. District Court in or nearest to the County. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and (if the Dissemination Agent is other than the District), the District 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 obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Certificate may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent that, by signing of this Disclosure Certificate using an electronic signature, it is signing, adopting and accepting this Disclosure Certificate, and that signing this Disclosure Certificate using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Disclosure Certificate on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Certificate in a usable format.

Dated: __________, 2024

HEMET UNIFIED SCHOOL DISTRICT

By: ___________________________________

ACCEPTED AND AGREED TO:

FIELDMAN, ROLAPP & ASSOCIATES, INC., DOING BUSINESS AS APPLIED BEST PRACTICES, as Dissemination Agent

By: ___________________________________
Authorized Signatory

EXHIBIT A

NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	**HEMET UNIFIED SCHOOL DISTRICT**
Name of Issue:	Hemet Unified School District (Riverside County, California) 2024 General Obligation Bonds, Election of 2018, Series E
Date of Issuance:	__________, 2024

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the District, dated __________, 2024. [The District anticipates that the Annual Report will be filed by _____________.]

Dated:_______________

HEMET UNIFIED SCHOOL DISTRICT

APPENDIX D

CITY OF HEMET AND COUNTY OF RIVERSIDE
GENERAL AND ECONOMIC DATA

The following information concerning the City of Hemet (the "City"), the County of Riverside (the "County") and the State of California (the "State") are presented as general background information. The Series E Bonds are not an obligation of the City, the County or the State and the taxing the power of the City, the County and the State are not pledged to the payment of the Series E Bonds.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact, are developing and uncertain. Some of the information set forth in this Appendix D predates the outbreak of the COVID-19 pandemic and should not be relied upon as representative of the current economic and demographic information within the District.

The District has not independently verified the information set forth in this Appendix D and while this information is believed to be reliable, it is not guaranteed as to accuracy by the District.

General

The City of Hemet. The City is located in Riverside County approximately 35 miles southeast of the City of Riverside, 85 miles southeast of Los Angeles and 83 miles north of San Diego. The City is predominantly a retirement community, made up *largely* from relocated individuals who desire the warm winter climate available in Hemet. Planned recreational areas and activities include: camping, boating, cycling, bird watching, fishing, picnic areas, equestrian trails, hiking, golf, and a sports complex.

The County of Riverside. The County, which encompasses 7,177 square miles, was organized in 1893 from territory in San Bernardino and San Diego counties. Located in the southeastern portion of California, the County is bordered on the north by San Bernardino County, on the east by the State of Arizona, on the South by San Diego and Imperial counties and on the west by Orange and Los Angeles counties. There are 28 incorporated cities in the County.

The County's varying topology includes desert, valley and mountain areas as well as gently rolling terrain. Three distinct geographical areas characterize the County: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, the San Jacinto mountains and the Cleveland National Forest experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions. Riverside County is the site of famous resorts, such as those in Palm Springs, and is a leading area for inland water recreation. Nearly 20 lakes in the County are open to the public. The dry summers and moderate to cool winters make it possible to enjoy these and other recreational and cultural facilities on a year-round basis.

Population

The following table shows historical population figures for the City, the County and the State for the past five years.

POPULATION ESTIMATES
2020 through 2024
City of Hemet, Riverside County and the State of California

Year[1]	City of Hemet	Riverside County	State of California
2020	89,252	2,418,185	39,538,223
2021	89,170	2,419,165	39,327,868
2022	88,856	2,427,832	39,114,785
2023	89,333	2,428,580	39,061,058
2024	89,663	2,442,378	39,128,162

(1) Population estimates for January 1, 2021 through January 1, 2023 and provisional population estimates for January 1, 2024, for the state, counties, and cities. The population estimates benchmark for April 1, 2020 is also provided.
Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties, and the State, 2021-2024, with 2020 Census Benchmark. Sacramento, California, May 2024.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

Total personal income in Riverside County increased by 71.7% between 2012 and 2022. The following tables summarize personal income for Riverside County for 2012 through 2022.

PERSONAL INCOME
Riverside County
2012-2022
(Dollars in Thousands)

Year	*Riverside County*	*Annual Percent Change*
2012	$74,093,810	2.7%
2013	76,470,084	3.2
2014	80,268,670	5.0
2015	85,386,347	6.4
2016	89,644,299	5.0
2017	93,156,635	3.9
2018	97,619,217	4.8
2019	102,037,774	4.5
2020	114,090,413	11.8
2021	125,820,553	10.3
2022	127,195,983	1.1

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

The following table summarizes per capita personal income for Riverside County, California and the United States for 2012-2022. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME
Riverside County, State of California and the United States
2012-2022

Year	*Riverside County*	*California*	*United States*
2012	$32,774	$48,154	$44,548
2013	33,450	48,549	44,798
2014	34,670	51,332	46,887
2015	36,418	54,632	48,725
2016	37,693	56,667	49,613
2017	38,605	58,942	51,550
2018	39,955	61,663	53,786
2019	41,385	64,513	56,250
2020	45,834	70,192	59,765
2021	51,180	76,614	64,143
2022	51,415	77,036	65,470

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following table lists the principal employers located in the County.

LARGEST EMPLOYERS
County of Riverside
(As of June 30, 2023)

Rank	***Name of Business***	***Employees***	***Type of Business***
1.	County of Riverside	25,366	County Government
2.	Amazon	14,317	Online Retailer
3.	March Air Reserve Base	9,600	Military Reserve Base
4.	Nestle UA	8,874	Food and Beverage Company
5.	University of California, Riverside	8,623	University
6.	State of California	8,383	State Government
7.	Wal-Mart	7,494	Supermarket
8.	Moreno Valley Unified School District	6,020	School District
9.	Kaiser Permanente Riverside Medical Center	5,817	Medical Center
10.	Corona-Norco Unified School District	5,478	School District

Source: County of Riverside Annual Comprehensive Financial Report for the year ending June 30, 2023.

Employment

The following table summarizes the labor force, employment and unemployment figures for the period from 2019 through 2023 for the City the County, the State and the nation as a whole.

CITY OF HEMET
COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA AND UNITED STATES
Average Annual Civilian Labor Force, Employment and Unemployment

Year and Area	*Labor Force*	*Employment*[(1)]	*Unemployment*[(2)]	*Unemployment Rate (%)*[(3)]
2019				
Hemet	29,600	27,900	1,700	5.8%
Riverside County	1,107,700	1,060,600	47,100	4.3
State of California	19,408,271	18,623,000	784,375	4.0
United States[(4)]	163,539,000	157,538,000	6,001,000	3.7
2020				
Hemet	30,200	26,200	4,000	13.3%
Riverside County	1,117,300	1,003,600	113,700	10.2
State of California	18,821,200	16,913,100	1,908,100	10.1
United States[(4)]	160,472,000	147,795,000	12,947,000	8.1
2021				
Hemet	30,500	27,300	3,200	10.6%
Riverside County	1,129,600	1,046,700	82,800	7.3
State of California	18,923,200	17,541,900	1,381,200	7.3
United States[(4)]	161,204,000	152,581,000	8,623,000	5.3
2022				
Hemet	30,500	28,600	1,900	6.2%
Riverside County	1,145,700	1,097,200	48,500	4.2
State of California	19,169,300	18,348,900	820,400	4.3
United States[(4)]	164,287,000	158,291,000	5,996,000	3.6
2023				
Hemet	30,700	28,700	2,000	6.6%
Riverside County	1,157,900	1,102,300	55,600	4.8
State of California	19,308,300	18,388,300	920,000	4.8
United States[(4)]	167,116,000	158,772,000	6,080,000	3.6

(1) Includes persons involved in labor-management trade disputes.
(2) Includes all persons without jobs who are actively seeking work.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
(4) Not strictly comparable with data for prior years.
Source: California Employment Development Department, March 2023 Benchmark and U.S. Department of Labor, Bureau of Labor Statistics.

Industry

Employment data by industry is not separately reported on an annual basis for Hemet but is compiled for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (the "MSA"), which includes all of Riverside and San Bernardino Counties. In addition to varied manufacturing employment, the MSA has large and growing commercial and service sector employment, as reflected in the table below.

The following table sets forth the industry employment and the labor force for the Riverside-San Bernardino-Ontario MSA for the period from 2019 through 2023.

RIVERSIDE-SAN BERNARDINO-ONTARIO MSA
INDUSTRY EMPLOYMENT & LABOR FORCE - BY ANNUAL AVERAGE

	2019	*2020*	*2021*	*2022*	*2023*
Civilian Labor Force	2,071,600	2,091,700	2,120,600	2,148,700	2,171,500
Civilian Employment	1,987,500	1,885,400	1,964,300	2,058,400	2,068,800
Civilian Unemployment	84,000	206,200	156,300	90,200	102,700
Civilian Unemployment Rate	4.1%	9.9%	7.4%	4.2%	4.7%
Total Farm	15,400	14,100	13,700	13,800	13,100
Total Nonfarm	1,552,700	1,495,800	1,575,100	1,659,800	1,679,800
Total Private	1,291,500	1,247,800	1,333,100	1,409,800	1,418,900
Goods Producing	209,700	202,200	207,700	216,300	216,100
Mining & Logging	1,200	1,300	1,400	1,500	1,500
Construction	107,200	104,900	110,100	114,700	115,700
Manufacturing	101,300	96,000	96,100	100,000	98,900
Service Providing	1,343,000	1,293,700	1,367,400	1,443,500	1,463,700
Trade, Transportation & Utilities	395,100	406,900	443,200	464,900	456,500
Wholesale Trade	67,700	65,600	67,400	69,500	68,700
Retail Trade	180,700	168,800	177,000	181,000	182,700
Transportation, Warehousing & Utilities	146,600	172,500	198,800	214,400	205,100
Information	14,100	12,400	12,500	13,000	13,300
Financial Activities	45,000	44,100	45,200	46,000	44,900
Professional & Business Services	155,300	152,100	166,600	173,900	164,800
Educational & Health Services	250,300	248,800	254,300	267,500	287,500
Leisure & Hospitality	175,900	141,300	160,200	180,900	186,500
Other Services	46,200	40,200	43,600	47,400	49,300
Government	261,200	248,000	242,000	250,000	260,900
Total, All Industries	1,568,100	1,509,900	1,588,800	1,673,500	1,692,900

Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households and persons involved in labor-management trade disputes. Employment reported by place of work. Items may not add to total due to independent rounding. The "Total, All Industries" data is not directly comparable to the employment data found in this Appendix D.

Source: State of California, Employment Development Department, March 2023 Benchmark.

Commercial Activity

The tables below present taxable sales for the years 2019 through 2023 for the City and the County.

TAXABLE SALES
City of Hemet
2019-2023
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2019	1,576	1,127,621
2020	1,772	1,197,692
2021	1,655	1,467,550
2022	1,666	1,500,683
2023	1,691	1,397,566

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2019-2023.

TAXABLE SALES
County of Riverside
2019-2023
(Dollars in Thousands)

Year	*Permits*	*Taxable Transactions*
2019	64,063	$40,626,998
2020	69,284	42,313,474
2021	64,335	55,535,196
2022	66,738	62,117,153
2023	68,670	61,094,594

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2019-2023.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
City of Hemet
2019 through 2023
(Dollars in Thousands)

	2019	*2020*	*2021*	*2022*	*2023*
Valuation					
Residential	$15,897	$22,588	$27,929	$ 103,626	$67,383
Non-Residential	10,416	14,911	229	20,073	2,793
Total	$26,313	$37,499	$28,158	$ 123,699	$70,176
Units					
Single Family	74	89	112	271	242
Multi Family	0	0	22	6	0
Total	74	89	134	277	242

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
Riverside County
2019 through 2023
(Dollars in Thousands)

	2019	*2020*	*2021*	*2022*	*2023*
Valuation					
Residential	$2,275,405	$2,519,303	$2,262,642	$2,921,113	$3,306,086
Non-Residential	1,285,856	1,153,778	1,543,998	1,701,618	1,676,498
Total	$3,561,261	$3,673,081	$3,806,640	$4,622,731	$4,982,584
Units					
Single Family	6,563	8,443	7,360	8,863	8,894
Multi Family	1,798	723	1,126	2,861	6,428
Total	8,361	9,166	8,486	11,724	15,322

Note: Totals may not add to sums because of rounding.
Source: Construction Industry Research Board.

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series E Bonds, payment of principal, premium, if any, accreted value and interest on the Series E Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series E Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series E Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has 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.

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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The District 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.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE SERIES E BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES E BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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APPENDIX F

RIVERSIDE COUNTY TREASURER'S STATEMENT OF INVESTMENT POLICY

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COUNTY OF RIVERSIDE

TREASURER-TAX COLLECTOR

INVESTMENT POLICY STATEMENT

November 7,2023

1. Table of Contents

1. INTRODUCTION

The Treasurer Tax-Collectors (TTC) Statement of Investment Policy is presented annually to the County Investment Oversight Committee (IOC) for review and to the Board of Supervisors (BOS) for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code (GOV §). This policy will become effective immediately upon approval by the BOS.

2. SCOPE

The TTC Statement of Investment Policy is limited in scope to only those county, school, special districts and other fund assets actually deposited and residing in the County Treasury. It does not apply to bond proceeds or other assets belonging to the County of Riverside, or any affiliated public agency the assets of which reside outside of the County Treasury.

3. FIDUCIARY RESPONSIBILITY

GOV §27000.3 declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a trustee and therefore a fiduciary subject to the prudent investor standard. This standard, as stated in GOV §27000.3 requires that "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county Treasurer or the BOS, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors."

4. PORTFOLIO OBJECTIVES

The first and primary objective of the TTC's investment of public funds is to **safeguard investment principal**; second, to maintain sufficient **liquidity** within the portfolio to meet daily cash flow requirements; and third, to achieve a reasonable rate of return or **yield** on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

5. AUTHORITY

Statutory authority for the TTC's investment and safekeeping functions are found in GOV §53601 and 53635 et. seq. The TTC's authority to make investments is to be renewed annually, pursuant to state law. The County Ordinance is No. 767. GOV §53607 effectively requires the legislative body to delegate investment authority of the County on an annual basis.

6. AUTHORIZED INVESTMENTS

Investments shall be restricted to those authorized in GOV § 53601 and 53635 as amended and as further restricted by this policy statement. All investments shall be governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification, credit quality standards (two of the three nationally recognized ratings shall be used for corporate and municipal securities), and purchase restrictions that apply.

7. STAFF AUTHORIZED TO MAKE INVESTMENTS

Only the TTC, Matthew Jennings, Assistant Treasurer, Chief Investment Officer, Deputy Investment Officer, and Investment Officer are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

8. AUTHORIZED BROKER/DEALERS

Securities transactions are limited solely to those noted on Schedule III of this policy.

9. DAILY ACCOUNTABILITY AND CONTROL

All investment transactions are to be conducted at the TTC's office, or approved remote location subjected to Board Policy A-50 and Department Telecommute policy., All investment transactions will be entered daily into the TTC's internal financial accounting system. Transactions are reviewed by the Fiscal Compliance Unit daily. In addition, a bi-weekly and monthly compliance review of investment holdings are conducted. All reviews are signed off by the Treasurer-Tax Collector and Fiscal Compliance staff. Portfolio income shall be reconciled daily, monthly and quarterly, prior to the distribution of earnings among those entities sharing in pooled fund investment income.

10. SECURITY CUSTODY & DELIVERIES

All securities, except for money market funds registered in the County's name and securities issued by the County or other local agencies shall be deposited for safekeeping with banks contracted to provide the County TTC with custodial security clearance services. These third-party trust department arrangements provide the County with a perfected interest in, and ownership and control over, the securities held by the custodian on the County's behalf and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are **NOT** to be held in investment firm/broker dealer accounts. All security transactions are to be conducted on a "delivery versus payment basis." Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Securities issued by local agencies purchased directly shall be held in the TTC's vault. The security holdings shall be reconciled with the custodian holding records daily. The TTC's Fiscal Compliance unit will audit purchases daily for compliance, and audit holding records monthly.

11. COMPETITIVE PRICING

Investment transactions are to be made at current market value and competitively priced whenever possible. Competitive pricing does not necessarily require submission of bids, but does require adequate comparative analysis. The current technology utilized by the Treasury provides this information.

12. MATURITY LIMITATIONS

No investment shall exceed a final maturity date of five years from the date of purchase unless it is authorized by the BOS pursuant to GOV §53601. The settlement date will be used as the date of purchase for measuring maturity limitations.

13. LIQUIDITY

The portfolio shall maintain a weighted average day to maturity (WAM) of less than 541 days or 1.5 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio shall maintain at least 40% of its total value in securities having maturities 1 year or less.

14. SECURITIES LENDING

The TTC may engage in securities lending activity limited to 20% of the portfolio's book value on the date of transaction. Instruments involved in a securities lending program are restricted to those securities pursuant to GOV §53601 and by the TTC's Statement of Investment Policy.

15. REVERSE REPURCHASE AGREEMENTS

The Treasury shall not engage in any form of leverage for the purpose of enhancing portfolio yield. There shall be no entry into reverse repurchase agreements except for temporary and unanticipated cash flow requirements that would cause the TTC to sell securities at a principal loss. Any reverse repurchase agreements are restricted pursuant to GOV §53601 and by the TTC's Statement of Investment Policy.

16. MITIGATING MARKET & CREDIT RISKS

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by the nationally recognized rating agencies on the credit worthiness of each issuer of the security, (2) limiting the concentration of investment in any single firm as noted in Schedule I, (3) by limiting the duration of investment to the time frames noted in Schedule I, and (4) by maintaining the diversification and liquidity standards expressed within this policy.

17. TRADING & EARLY SALE OF SECURITIES

All securities are to be purchased with the intent of holding them until maturity. However, in an effort to minimize market and credit risks, securities may be sold prior to maturity either at a profit or loss when economic circumstances, trend in short-term interest rates, or a deterioration in creditworthiness of the issuer warrants a sale of the securities to either enhance overall portfolio yield or to minimize further erosion and loss of investment principal. Such sales should take into account the short- and long-term impacts on the portfolio. However, the sale of a security at a loss can only be made after first securing the approval of the TTC.

18. PURCHASE OF WHEN ISSUED SECURITIES

When issued (W.I.) purchases of securities and their subsequent sale prior to cash settlement are authorized as long as sufficient cash is available to consummate their acceptance into the TTC's portfolio on the settlement date.

19. PORTFOLIO REPORTS/AUDITING

Portfolio reports required by GOV § 53607 and 27133(e) shall be filed monthly with the BOS, IOC, Superintendent of Schools, Executive
Officer, County Auditor Controller and interested parties. Consistent with Board Policy B-21 (County Investment Policy Statement), § III A, an outside compliance audit will be conducted annually. Outside audits will be conducted at least biennially by an independent auditing firm selected by the BOS, per Board Minute Order No. 3.48. Reports are posted monthly on the Treasurer's website:
http://www.countyTreasurer.org/Treasurer/TreasurersPooledInvestmentFund/MonthlyReports.aspx

20. SPECIFIC INVESTMENTS

Specific investments for individual funds may be made in accordance with the TTC's Statement of Investment Policy, upon written request and approval of the responsible agency's governing board, and approval of the TTC. Investments outside of the policy may be made on behalf of such funds with approval of the governing Board and approval of the TTC. All specific investments shall be memorialized by a Memorandum of Understanding. With the purchase of specific investments, the fund will be allocated the earnings and/or loss associated with those investments. The TTC reserves the right to allocate a pro-rata charge for administrative costs to such funds.

21. PERFORMANCE EVALUATION

Portfolio performance is monitored daily and evaluated monthly in comparison to the movement of the Treasurer's Institutional Money Market Index (TIMMI), or another suitable index. Over time, the portfolio rate of return should perform in relationship to such an index. Regular meetings are to be conducted with the investment staff to review the portfolio's performance, in keeping with this policy, and current market conditions.

22. INVESTMENT OVERSIGHT COMMITTEE

In accordance with GOV §27130, the BOS has established an IOC. The role of the Committee is advisory in nature. It has no input on day to day operations of the Treasury.

23. QUARTERLY APPORTIONMENT OF INVESTMENT EARNINGS

Portfolio income, including gains and losses (if any), will be distributed quarterly in compliance with GOV § 53684 and 53844 which give the TTC broad authority to apportion earnings and losses among those participants sharing in pooled investment income, and, except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the fiscal quarter. Any subsequent adjustments of reported earnings by the Auditor-Controller will be first reviewed and approved by the TTC to assure compliance with GOV § 53684 and 53844. The TTC employs the modified Cash/ Accrual apportionment method.

24. QUARTERLY ADMINISTRATIVE COSTS

Prior to the quarterly apportionment of pooled fund investment income, the County TTC is permitted, pursuant to GOV §27013, to deduct from investment income before the distribution thereof, the actual cost of the investment, audit, deposit, handling and distribution of such income. Accordingly, in keeping with GOV § 27013, 27133(f), and 27135, the Treasury shall deduct from pooled fund investment earnings the actual cost incurred for: banking services, custodial safekeeping charges, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the TTC's office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions. Costs are apportioned based upon average daily ending balances. Prior to gaining reimbursement for these costs, the TTC shall annually prepare a proposed budget revenue estimate per GOV §27013.

25. TREASURY OPERATIONS

Treasury operations are to be conducted in the most efficient manner to reduce costs and assure the full investment of funds. The TTC will maintain a policy regarding outgoing wires and other electronic transfers. Requests for outgoing transfers which do not arrive on a timely basis may be delayed. The County TTC may institute a fee schedule to more equitably allocate costs that would otherwise be spread to all depositors.

26. POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY

Should any agency solicit entry, the agency shall comply with the requirements of GOV § 53684 and adopt a resolution by the legislative or governing body of the local agency authorizing the deposit of excess funds into the County treasury for the purpose of investment by the County TTC. The resolution shall specify the amount of monies to be invested, the personnel authorized by the agency to coordinate the transaction, the anticipated time frame for deposits, the agency's willingness to be bound to the statutory 30-day written notice requirement for withdrawals, and acknowledging the TTC's ability to deduct pro-rata administrative charges permitted by GOV §27013. Any solicitation for entry into the TPIF must have the County TTC's consent before the receipt of funds is authorized. The depositing entity will enter into a depository agreement with the TTC.

27. POLICY CRITERIA FOR VOLUNTARY PARTICIPANT WITHDRAWALS

With the TTC being required to always maintain a 40% liquidity position during the calendar year, it is anticipated that sufficient funds will be on hand to immediately meet on demand all participant withdrawals for the full dollar amounts requested without having to make any allowance or pro-rata adjustment based on the current market value of the portfolio. In addition, any withdrawal by a local agency for the purpose of investing or depositing those funds outside the Pool shall have the prior written approval of the County TTC.

The TTC's approval of the withdrawal request shall be based on the availability of funds; the circumstances prompting the request; the dollar volume of similar requests; the prevailing condition of the financial markets, and an assessment of the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury.

28. POLICY ON RECEIPT OF HONORARIA, GIFTS AND GRATUITIES

Neither the TTC nor any member of his staff, shall accept any gift, gratuity or honoraria from financial advisors, brokers, dealers, bankers or other persons or firms conducting business with the County TTC which exceeds the limits established by the Fair Political Practices Commission (FPPC) and relevant portions of GOV §27133. IOC members shall be subject to the limits included in the BOS Policy B-21.

29. ETHICS & CONFLICTS OF INTEREST

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. In addition, the County TTC, Assistant TTC, Chief Investment Officer, Deputy Investment Officer, Investment Officer and Assistant Investment Officer are required to file annually the applicable financial disclosure statements as mandated by the FPPC and County policy.

30. INVESTMENTS MADE FROM DEBT ISSUANCE PROCEEDS

The proceeds of a borrowing may be specifically invested per Schedule I of this policy (with the exception of Collateralized Time Deposits and Local Agency Obligations) as well as competitively bid investments (see County of Riverside Office of The TTC Policy Governing Competitively Bid Investments, dated March 3, 2011).

No pooled fund investments made from the proceeds of a borrowing, the monies of which are deposited in the County TTC, shall be invested for a period exceeding the maturity date of the borrowing. Nor shall any monies deposited with a bank trustee or fiscal agent for the ultimate purpose of retiring the borrowing be invested beyond the maturity date of the borrowing.

31. POLICY ADOPTION & AMENDMENTS

This policy statement will become effective following adoption by the BOS and will remain in force until subsequently amended in writing by the TTC and approved by the BOS.

Matthew Jennings
County of Riverside
Treasurer-Tax Collector

11/07/2023

32. AUTHORIZED INVESTMENTS SCHEDULE I

AUTHORIZED INVESTMENTS	CA GOV §	DIVERSIFICATION (1)	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	MINIMUM QUALITY (S&P/MOODY'S/FITCH)
U.S. Treasury Obligations	53601 (b)	100%	N/A	5 years	N/A
U.S. Government Agency Obligations	53601(f)	100%	N/A	5 years	N/A
State Obligations (Munis) and CA Local Agency Obligation	53601(c) 53601(d) 53601(e)	15% maximum	See Schedule II	5 years	AA-, Aa3, AA-
Supranational Obligations issued or fully guaranteed as to principal and interest by the International Bank for Reconstruction and Development, the International Finance Corporation, and Inter-American Development Bank.	53601(q)	20% maximum	Max 10% per issuer	5 years	AA, Aa, AA
Local Agency Investment Fund (LAIF)	16429.1	$50 million maximum	Maximum $50 million per LAIF	Daily	N/A
Commercial Paper	53635(a)(1)	40% maximum	See Schedule II	270 days	A-1,P-1,F1
Local Agency Obligations	53601(e)	2.5% maximum	BOS approval required. Issued by pool depositors only	3 years	Non-rated, if in the opinion of the Treasurer, considered to be of investment grade or better
Joint Powers Authority Pool CalTRUST Short Term Fund (CLTR)	53601(p)	1% maximum	Board of Supervisors approval required	Daily	NR / Portfolio managed pursuant to California Government Code § 53601 & 53635

Negotiable Certificates of Deposit	53601(i)	20% maximum	See Schedule II	2 year	A-1,P-1,F1" or better
Collateralized Time Deposits	53630 et seq 53601(n)	2% maximum	See Schedule IV	1 year	N/A
Repurchase Agreements (REPO) with 102% collateral restricted to U. S. Treasuries, agencies, agency mortgages	53601(j)	40% max, 25% in term repo over 7 days. No more than 20% w/one dealer in term repo	Repurchase agreements to be on file	45 days	
Reverse Repurchase Agreements on U. S. Treasury & federal agency securities in portfolio	53601(j)	10% maximum	For temporary cash flow needs only.	Max 60 days with prior approval of BOS	N/A
Medium Term Notes (Corporate Notes)	53601(k)	20% maximum	See Schedule II	Maximum 4 years	A, A2, A See Schedule II
Interest bearing Checking Account		20% maximum	N/A	Daily	Fully collateralized with US Treasuries or US Federal agency notes
Money Market Mutual Funds (MMF)	53601(i) and 53601.6(b)	20% maximum	See Schedule V	Daily	AAA (2 of 3 nationally recognized rating services)

33. SCHEDULE II POLICY CRITERIA CORPORATE AND MUNICIPAL SECURITIES

Corporate Criteria. Money market securities will be first restricted by short-term ratings and then further restricted by long term credit ratings. The long-term credit ratings, including the outlook of the parent company will be used. Money market securities consist of negotiable certificates of deposit (NCDs), bankers' acceptances, and commercial paper. Medium term securities will be restricted by the long-term ratings of the legal issuer. Concentration limit restrictions will make no distinction between medium term notes and money market securities.

No short-term negative credit watch or long-term negative outlook by 2 of 3 nationally recognized rating services except for entities participating in government guaranteed programs. Credit Category 1 and Category 2 with negative credit watch or long-term negative outlook, by more than one nationally recognized rating service is permitted as Category 3 and Category 4 respectively.

Municipal Criteria. Minimum of A or A2 or A, underlying credit rating for selecting insured municipal securities and a maximum of 5% exposure to any one insurer (direct purchases and indirect commitments).

Liquidity Provider Restrictions. Maximum of 5% exposure to any one institution (direct purchases and indirect commitments).

Category	Short-Term Ratings	Long-Term Ratings	Restrictions
1	A-1+/P-1/F1+ (SP-1+/MIG1/F1+)	AAA/Aaa/AAA	**Corp. (MTN)** Maximum of 5% per issuer with no more than 3% greater than 1 year final maturity **Muni.** Maximum of 5% per issuer
2	A-1+/P-1/F1+ (SP-1+/MIG1/F1)	AA+/Aa1/AA+, AA/Aa2/AA	**Corp.** Maximum of 4% per issuer with no more than 2% greater than 1 year final maturity. **Muni.** Maximum of 5% per issuer.
3	A-1+/P-1/F1+ (SP-1+/MIG1/F1)	AA-/Aa3/AA-	**Corp.** Maximum of 4% per issuer with no more than 2% greater than 180 days. No more than 270 days final maturity. **Muni.** Maximum of 5% per issuer.
4	A-1/P-1/F1 (SP-1/MIG1/F1)	A/A2/A or better.	**Corp.** No Asset Backed programs. Maximum of 3% per issuer with no more than 2% greater than 30 days. No more than 90 days maximum maturity.

Rating Agency Comparison Table

Short-Term Scale

S&P	**A-1+, A-1**
Moody's	**P-1**
Fitch	**F1+, F1**

Long-Term Scale

S&P	**AAA, AA+, AA, AA-, A+, A, A-**
Moody's	**Aaa, Aa1, Aa2, Aa3, A1, A2, A3**
Fitch	**AAA, AA+, AA, AA-, A+, A, A-**

34. SCHEDULE III AUTHORIZED BROKER/DEALERS

The TTC is authorized to conduct investment security transactions with the broker/dealers which are designated by the Federal Reserve Bank as primary government dealers. Security transactions with firms, other than those appearing on this list, are prohibited.

1. Other authorized firms:

   Academy Securities, Inc.
   Bank of New York
   FTN
   Insperex LLC
   Moreton Capital
   MUFG
   Piper Sandler & Co.
   Ramirez & Co, Inc.
   Raymond James & Associates, Inc.
   Siebert Williams Shank & Co.
   Stifel Nicolas & Co
   StoneX Financial Inc
   US Bank

2. Direct purchases of commercial paper, money market mutual funds, , negotiable CDs, are authorized.

3. Incidental purchases of less than $10 million may be made with other firms if in the opinion of the TTC, such transactions are deemed advantageous.

To ensure compliance with the County TTC's investment guidelines, each newly authorized primary government dealer and other authorized firms (as listed above in section 1, 2 and 3) will be supplied a complete copy of this Investment Policy document approved by the BOS.

35. SCHEDULE IV POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. The County TTC has elected to limit security transactions as mentioned in Schedule III. Accordingly, the financial institution must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses. The TTC is prohibited from the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local Treasurer, any member of the governing board of the local agency, or any candidate for those offices.

2. The County TTC's intent is to enter into long-term relationships. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The firm must specify the types of securities it specializes in and will be made available for our account.

4. It is important that the firm provide related services that will enhance the account relationship which could include:
   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on commercial paper, banker's acceptances and other securities it offers for sale.
   (c) Be willing to trade securities for our portfolio.
   (d) Be capable of providing market analysis, economic projections, and newsletters.
   (e) Provide market education on new investment products, security spread relationships, graphs, etc.

5. The firm must be willing to provide us monthly financial statements, and transactional confirms.

6. The County TTC is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's custodial bank.

7. Without exception, all transactions are to be conducted on a delivery versus payment (DVP) basis.

8. The broker/dealer must have been in operation for more than 5 years, and, if requested, the firm must be willing to provide us a list of local government clients or other reference, particularly those client relationships established within the State of California.

36. SCHEDULE V POLICY CRITERIA FOR COLLATERALIZED TIME DEPOSITS

Before the TTC can place a time deposit with a local bank or savings and loan, the following criteria must be met:

1. The bank must provide us with an executed copy of the "Contract for Deposit of Moneys."

2. The interest rate on the Time Certificate of Deposit must be competitive with rates offered by other banks and savings and loans residing in Riverside County, as well as exceed that of U.S. Treasury Securities.

3. Investments exceeding the FDIC insurance limit shall be fully collateralized by U.S. Treasury and Federal Agency securities having maturities five years or less. The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. The securities pledged as collateral must have a current market value greater than the dollar amount of the deposit in keeping with the ratio requirements specified in Code Section 53652. Additionally, a statement of the collateral shall be provided monthly. A collateral waiver for the portion insured by the FDIC will be granted.

4. The County TTC must be given a current audited financial statement for the financial year just ended as well as the most recent quarterly statement of financial condition. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County TTC will not place a public fund deposit for more than 10% of the present paid-in capital and surplus of the bank.

6. The County TTC must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc).

7. All time certificates must have a maturity date not exceeding one year from the date of the deposit, with interest payments based upon the stated interest rate.

8. The County TTC must receive a letter from an officer of the bank at the time the initial deposit is made, that there is no known pending financial disclosure or public announcement of an adverse financial event involving the bank or savings and loan, nor is there any knowledge that a conflict-of-interest situation exists between any County official and an officer or employee of the bank.

37. SCHEDULE VI POLICY CRITERIA FOR ENTERING INTO A MONEY MARKETFUND

Shares of beneficial interest issued by diversified management companies, also known as money market mutual funds, invest in the securities and obligations authorized by GOV §GOV § 53601.7(10). Approved mutual funds will be registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et. seq.) and shall meet the following criteria:

1. The fund must have a AAA rating from two of the nationally recognized rating services: Moody's, Fitch, Standard & Poor's.

2. The fund's prospectus cannot allow hedging strategies, options or futures.

3. The fund must provide a current prospectus before participation in the fund and provide access to copies of their portfolio reports.

GLOSSARY

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

ASSET-BACKED SECURITY (ABS) – A financial security backed by a loan, lease, or receivables against assets other than real estate and mortgage-backed securities.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – An instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – Money Market instrument representing an unsecured short-term promissory note of a corporation at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of risk that an issuer of a security will fulfill its obligation, as rated by a rating agency.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's creditworthiness.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the amount of each security investment multiplied by the number of days to maturity, divided by the total amount of security investments.

DURATION – Is a measure of the price volatility of a portfolio and reflects an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in the interest rates. A duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants where the actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government but involve Federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include: Federal National Mortgage Association (FNMA) Federal Home Loan Bank (FHLB) Federal Farm Credit Bank (FFCB) Federal Home Loan Mortgage Corporation (FHLMC)
LIQUID – A security that is easily bought and sold because of the willingness of interested buyers and sellers to trade large quantities at a reasonable price.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – An estimate of the value of a security at which the principal would be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

POOL – In this context, the pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer's Pooled Money Fund.

PRIMARY DEALER – A group of dealers and banks that can buy and sell securities directly with the Federal Reserve Bank of New York.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A custodian bank's action to store and protect an investor's securities by segregating and identifying the securities.

SECURITIES LENDING – A transaction wherein the Treasurer's Pool transfers its securities to broker/dealers and other entities for collateral which may be cash or securities and simultaneously agrees to return the collateral for the same securities in the future.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WHEN-ISSUED SECURITIES – A security traded before it receives final trading authorization with the investor receiving the certificate/security only after the final approval is granted.
YIELD – The gain, expressed as a percentage that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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APPENDIX G

COUNTY INVESTMENT POOL MONTHLY REPORT

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COUNTY OF RIVERSIDE
TREASURER-TAX COLLECTOR'S

MANAGED BY

Matt Jennings

Treasurer-Tax Collector

Giovane Pizano

Assistant Treasurer

John Byerly

Chief Investment Officer

Steve Faeth

Senior Investment Officer

Isela Licea

Investment Officer

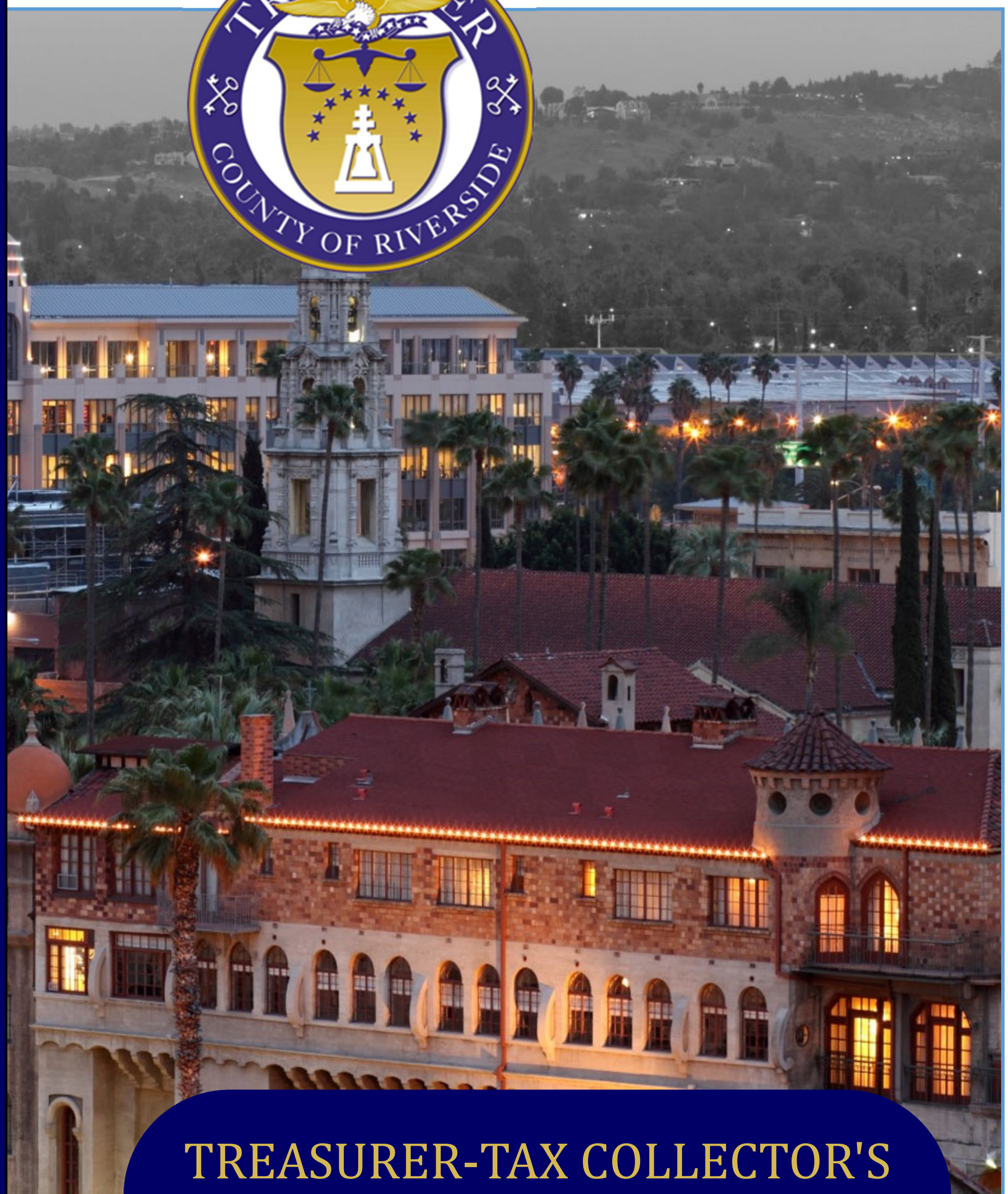
COUNTY ADMINISTRATIVE CENTER

4080 LEMON STREET,

4TH FLOOR,

RIVERSIDE, CA 92502-2205

WWW.COUNTYTREASURER.ORG



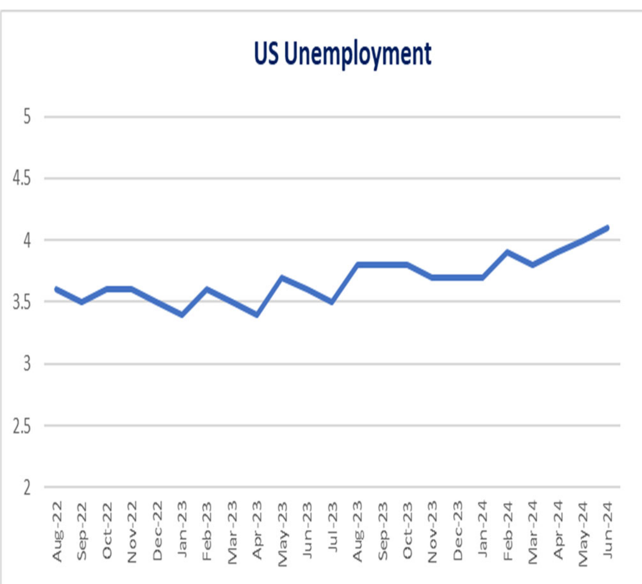
TREASURER-TAX COLLECTOR'S POOLED INVESTMENT FUND

JULY 2024 REPORT

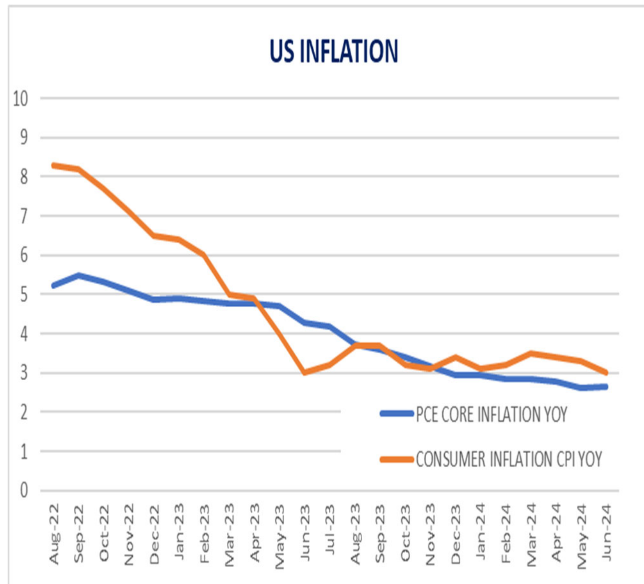
Economic Slowing Continues

The U.S. economy showed further signs of moderate slowing in July. Labor, inflation and home sales displayed weakness. Data released during the month elevated Fed Funds Futures traders' anticipation of rate cuts. The likelihood of a September FOMC rate cut increased from 61% to 114%, signaling full confidence of a 25-basis point cut on September 18, 2024.

Nonfarm payrolls reported 206,000 jobs were created, however downward revisions to the prior two months took much of the shine away from the headline gain. Incorporating revisions, payroll growth averaged 176,000 jobs per month over the second quarter, down from a 267,000 average over the first quarter. The unemployment rate ticked up a tenth to 4.1%, which is the highest since late 2021. Digging into the payroll report, job growth was carried by less cyclically sensitive industries such as government (+70,000) and health care & social assistance (+82,000). Temporary help employment fell a worrisome -49,000 and is down 500,000 from its peak in March 2022.



Inflation, the key focus of the Federal Reserve, continued to soften. The PCE Deflator Index, a favored measure of the Federal Reserve, ticked down a tenth to 2.6% year over year. In the minutes from the June FOMC meeting, the committee cited 'that while risks of inflation remain to the upside, there is rising concern about the risks of economic activity skewing to the downside'.



High mortgage rates seem to be deterring home buyers, as the National Association of Home Builders (NAHB) Traffic of Prospective Buyers index slowed to 27, the lowest measure this year. The headline NAHB Housing Market Index slipped for the 3rd consecutive month. Here in Riverside County, home prices only slipped 1% to $643,500, but the number of homes sold dropped 8.6% from the prior month

Treasuries rallied sending yields markedly lower by month-end. The 2-year Treasury began at a yield of 4.75% and ended at 4.26%. The 5-year Treasury note began the month at a yield of 4.42% and ended at 3.91%. Stocks gained, with the Dow Jones Industrial Average beginning the month at 39,200 and ending at 40,800.

Matt Jennings

Treasurer-Tax Collector

Treasurer Tax-Collector Statement

The Treasurer's Pooled Investment Fund is comprised of contributions from the county, schools, special districts, and other discretionary depositors throughout the County of Riverside. The primary objective of the Treasurer shall be to **safeguard the principal** of the funds under the Treasurer's control, meet the **liquidity needs** of the depositor, and to maximize a **return on the funds** within the given parameters.

The Treasurer-Tax Collector and the Capital Markets team are committed to maintaining the highest credit ratings. The Treasurer's Pooled Investment Fund is currently rated **Aaa-bf** by **Moody's Investor Service** and **AAAf/S1** by **Fitch Ratings,** two of the nation's most trusted bond credit rating services.

Since its inception, the Treasurer's Pooled Investment Fund has been in **full compliance** with the Treasurer's Statement of Investment Policy, which is more restrictive than California. Government Code 53646.

PORTFOLIO SUMMARY

Month End Values $ are Expressed in 000,000	Jul-24	Jan-24	Jul-23
Principal Value	14,042.43	14,580.11	13,117.15
Market Value*	13,985.68	14,485.18	12,887.89
Book Value*	14,094.24	14,636.77	13,177.60
Unrealized Gain/Loss*	-108.56	-151.59	-289.71
Paper Gain or Loss %	-0.770%	-1.036%	-2.199%
Yield	4.30	4.26	3.86
WAM (Yrs)	1.33	1.27	1.35

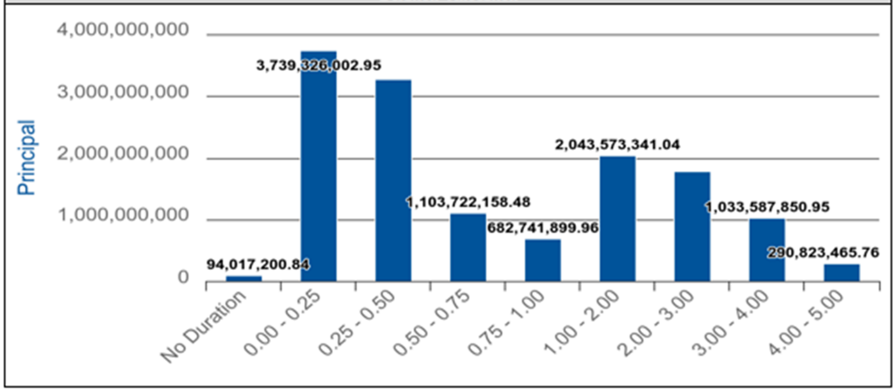
* Market values do not include accrued interest.

* Book Value is amount paid changed by amortization. Accretion, adjustments, write downs

* Unrealized Gain/Loss is Market Value - Book Value

TPIF STATS

Duration Allocation



Composite Credit Ratings

Rating	Market Value
AAA	7,480,548,593.24
AA+	7,012,168.85
AA	141,469,052.90
NA	973,310,832.94
NR	93,774,390.70
A-1+	5,369,904,139.16

Holdings by Security Type

Security Type Category	Days to Final Maturity	Par Value	Market Price	Yield	Principal
Mutual Fund	---	93,213,169.12	1.0086	5.380	94,017,200.84
Agency CMO	397	101,528,156.86	98.4343	5.082	98,743,987.26
MM Fund	0	106,156,169.48	1.0000	5.257	106,156,169.48
Muni	422	164,420,000.00	99.4679	2.610	165,624,065.00
Corporate	536	386,534,000.00	97.8129	4.956	375,682,540.28
Non-US Gov	566	430,000,000.00	99.4730	3.846	424,983,966.67
Repo	2	701,000,000.00	100.0000	5.387	701,000,000.00
Agency MBS	1259	1,134,509,432.88	98.2756	4.525	1,111,022,487.36
CP	73	1,536,940,000.00	99.4657	5.381	1,514,713,683.95
US Gov	456	1,575,000,000.00	97.5101	3.463	1,551,820,870.35
CD	136	2,470,000,000.00	100.0000	5.380	2,470,000,000.00
Agency	678	5,467,969,250.00	98.1308	3.538	5,428,669,172.60
Total	**487**	**14,167,270,178.35**	**97.3195**	**4.295**	**14,042,434,143.78**

Holdings by Security Type

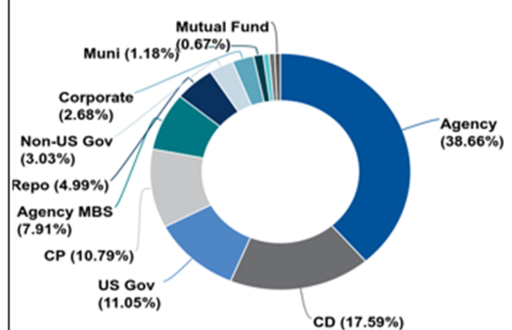


Chart calculated by: Principal

PORTFOLIO CASHFLOWS

Month	Monthly Receipts	Monthly Disbursements	Difference	Required Matured Investments	Balance	Actual Investments Maturing	Available to Invest > 1 Year
08/2024					110.93		
08/2024	1,700.00	2,000.00	(300.00)	189.07	0.00	1,333.71	
09/2024	2,300.00	1,900.00	400.00		400.00	762.89	
10/2024	2,691.00	3,100.00	(408.27)	8.27	0.00	866.46	
11/2024	2,200.00	2,050.00	150.00		150.00	862.46	
12/2024	3,082.00	1,933.00	1,149.00		1,299.00	807.94	
01/2025	1,905.00	3,521.06	(1,616.06)	317.06	0.00	1,788.90	
02/2025	2,106.00	2,756.00	(650.00)	650.00	0.00	529.06	
03/2025	3,334.00	3,227.00	107.00		107.00	266.41	
04/2025	4,276.00	3,329.00	947.00		1,054.00	411.79	
05/2025	2,091.00	3,221.40	(1,129.81)	75.81	0.00	442.81	
04/2026	2,065.00	2,478.00	(413.00)	413.00	0.00	125.87	
05/2026	1,884.00	3,251.00	(1,128.81)	1,128.81	0.00	116.61	
TOTALS	29,634.00	32,766.46	(2,892.95)	2,782.02	3,120.93	8,314.91	11,385.25
				19.64%		58.69%	80.36%

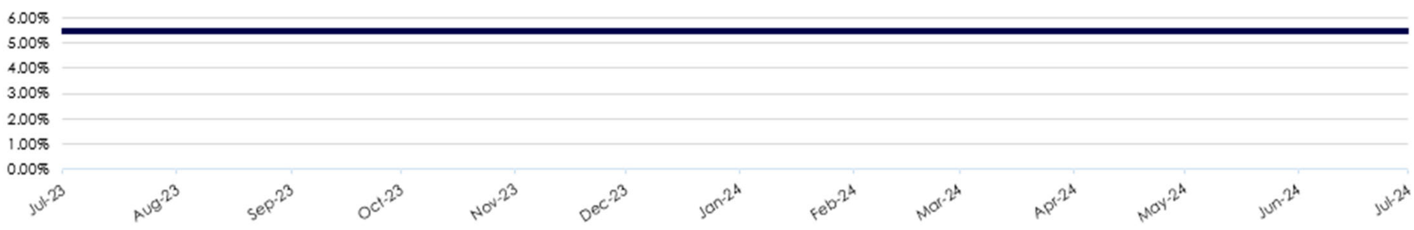
*Values listed in Cash Flow table are in millions

FIXED INCOME MARKETS

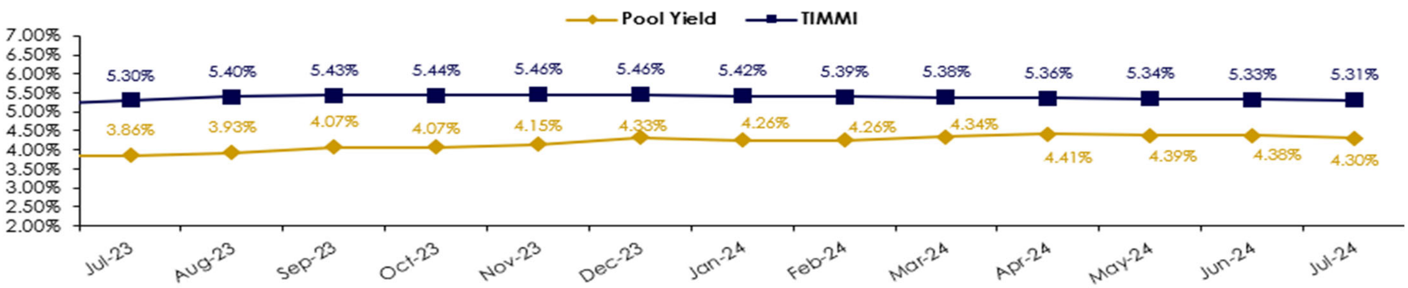
FED FUNDS UPPER LIMIT RATE

Fed Fund Rate: 5.25% to 5.50%

Next FOMC Scheduled Meeting: 09/18/2024



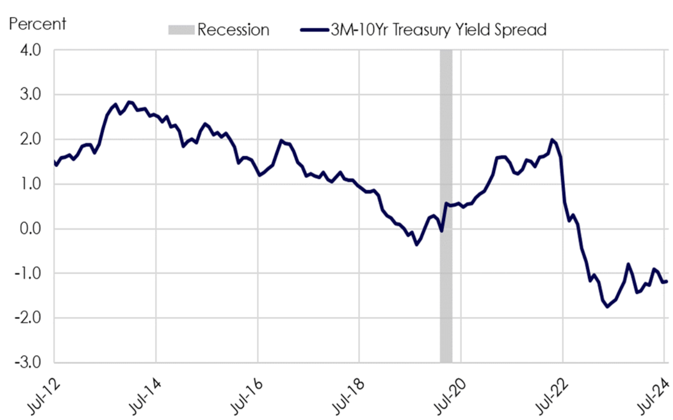
TIMMI

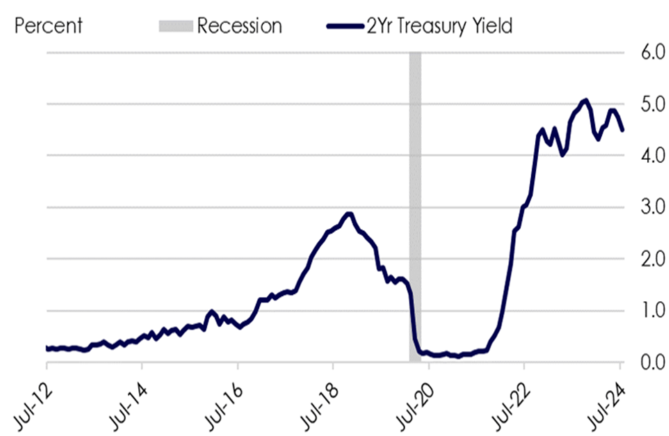


The Treasurer's Institutional Money Market Index (TIMMI) is a composite index of four AAA rated prime institutional money market funds.

Their average yield is compared to the yield of the Treasurer's Pooled Investment Fund in the above graph.

US Treasury Market





US Treasury Yield Curve	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	10 Yr	30 Yr
07/31/2024 - 07/01/2024	-0.06	-0.23	-0.37	-0.48	-0.48	-0.47	-0.39	-0.29
07/31/2024	5.41	5.14	4.73	4.29	4.10	3.97	4.09	4.35
07/01/2024	5.47	5.37	5.10	4.77	4.58	4.44	4.48	4.64

Compliance Status: Full Compliance

The Treasurer's Pooled Investment Fund was in full compliance with the County of Riverside's Treasurer's Statement of Investment Policy. The County's Statement of Investment Policy is more restrictive than California Government Code 53646. The County's Investment Policy is reviewed annually by the County of Riverside's Oversight Committee and approved by the Board of Supervisors.

	GOVERNMENT CODE			COUNTY INVESTMENT POLICY			
Investment Category	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Maximum Maturity	Authorized % Limit	S&P/ Moody's	Actual % of Book Value
MUNICIPAL BONDS (MUNI)	5 YEARS	NO LIMIT	NA	5 YEARS	15%	AA-/Aa3/AA-	**1.17%**
U.S. TREASURIES	5 YEARS	NO LIMIT	NA	5 YEARS	100%	NA	**11.08%**
LOCAL AGENCY OBLIGATIONS (LAO)	5 YEARS	NO LIMIT	NA	3 YEARS	2.50%	INVESTMENT GRADE	**0.00%**
FEDERAL AGENCIES	5 YEARS	NO LIMIT	AAA	5 YEARS	100%	NA	**47.28%**
COMMERCIAL PAPER (CP)	270 DAYS	40%	A1/P1	270 DAYS	40%	A1/P1/F1	**10.85%**
NEGOTIABLE CERTIFICATE OF DEPOSITS & COLLATERALIZED TIME DEPOSITS (NCD & TCD)	5 YEARS	30%	NA	2 YEAR	20%	A1/P1/F1	**17.52%**
INT'L BANK FOR RECONSTRUCTION AND DEVELOPMENT, INT'L FINANCE CORPORATION, AND INTER-AMERICAN DEVELOPMENT BANK	NA	NA	NA	5 YEARS	20%	AA/Aa/AA	**3.04%**
REPURCHASE AGREEMENTS (REPO)	1 YEARS	NO LIMIT	NA	45 DAYS	40% max, 25% in term repo over 7 days	NA	**4.97%**
REVERSE REPOS	92 DAYS	20%	NA	60 DAYS	10%	NA	**0.00%**
MEDIUM TERM NOTES (MTNO) CORPORATE NOTES	5 YEARS	30%	A	4 YEARS	20%	A/A2/A	**2.67%**
CALTRUST SHORT TERM FUND	NA	NA	NA	DAILY LIQUIDITY	1.00%	NA	**0.61%**
MONEY MARKET MUTUAL FUNDS (MMF)	60 DAYS (1)	20%	AAA/Aaa (2)	DAILY LIQUIDITY	20%	AAA by 2 Of 3 RATINGS AGC.	**0.33%**
LOCAL AGENCY INVESTMENT FUND (LAIF)	NA	NA	NA	DAILY LIQUIDITY	Max $50 million	NA	**0.00%**
CASH/DEPOSIT ACCOUNT	NA	NA	NA	NA	NA	NA	**0.65%**

Agency

AGCY BOND

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
3134GYFM9	FEDERAL HOME LOAN MORTGAGE CORP	5.050	99.9843	08/01/2024	15,000,000.00	14,997,645.00	15,000,000.00	(2,355.00)
3136G4J38	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.410	99.8441	08/12/2024	15,000,000.00	14,976,615.00	15,000,000.00	(23,385.00)
3133EL4J0	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.882	99.7506	08/19/2024	10,000,000.00	9,975,060.00	9,988,590.12	(13,530.12)
3136G4P31	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.450	99.7472	08/19/2024	3,701,000.00	3,691,643.87	3,701,000.00	(9,356.13)
3135GA4R9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.420	99.6894	08/23/2024	15,000,000.00	14,953,410.00	15,000,000.00	(46,590.00)
3133EL5S9	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.905	99.5456	09/03/2024	10,000,000.00	9,954,560.00	9,979,009.71	(24,449.71)
3130AYEE2	FEDERAL HOME LOAN BANKS	5.082	99.9363	09/09/2024	10,000,000.00	9,993,630.00	9,999,264.75	(5,634.75)
3134GWL79	FEDERAL HOME LOAN MORTGAGE CORP	0.400	99.4500	09/10/2024	10,000,000.00	9,945,000.00	10,000,000.00	(55,000.00)
3134GWN85	FEDERAL HOME LOAN MORTGAGE CORP	0.450	99.4552	09/10/2024	10,000,000.00	9,945,520.00	10,000,000.00	(54,480.00)
3134GWL79	FEDERAL HOME LOAN MORTGAGE CORP	0.400	99.4500	09/10/2024	10,000,000.00	9,945,000.00	10,000,000.00	(55,000.00)
3133EKQA7	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.693	99.6270	09/10/2024	2,064,000.00	2,056,301.28	2,064,846.77	(8,545.49)
3134GWN44	FEDERAL HOME LOAN MORTGAGE CORP	0.450	99.4414	09/11/2024	10,000,000.00	9,944,140.00	10,000,000.00	(55,860.00)
3130ATVD6	FEDERAL HOME LOAN BANKS	5.479	99.9158	09/13/2024	46,405,000.00	46,365,926.99	46,372,974.82	(7,047.83)
3136G43H4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.400	99.3709	09/16/2024	10,000,000.00	9,937,090.00	10,000,000.00	(62,910.00)
3133EKP75	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.671	99.5062	09/17/2024	6,128,000.00	6,097,739.94	6,127,459.01	(29,719.07)
3130AXE38	FEDERAL HOME LOAN BANKS	5.533	99.9908	09/20/2024	35,000,000.00	34,996,780.00	34,998,512.75	(1,732.75)
3134GXVM3	FEDERAL HOME LOAN MORTGAGE CORP	3.001	99.6393	09/23/2024	15,000,000.00	14,945,895.00	15,000,000.00	(54,105.00)
3130ANX88	FEDERAL HOME LOAN BANKS	0.500	99.2337	09/27/2024	10,000,000.00	9,923,370.00	10,000,000.00	(76,630.00)
3130ALTH7	FEDERAL HOME LOAN BANKS	0.510	99.1962	09/30/2024	25,000,000.00	24,799,050.00	25,000,000.00	(200,950.00)
3130APBH7	FEDERAL HOME LOAN BANKS	0.590	99.2058	09/30/2024	20,000,000.00	19,841,160.00	19,999,343.07	(158,183.07)
3130B1BF3	FEDERAL HOME LOAN BANKS	5.326	99.9970	10/03/2024	10,000,000.00	9,999,700.00	10,000,000.00	(300.00)
3130B1BF3	FEDERAL HOME LOAN BANKS	5.326	99.9970	10/03/2024	20,000,000.00	19,999,400.00	20,000,000.00	(600.00)
3130B1BF3	FEDERAL HOME LOAN BANKS	5.326	99.9970	10/03/2024	15,000,000.00	14,999,550.00	15,000,000.00	(450.00)
3133EPYB5	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.362	100.0115	10/10/2024	25,553,000.00	25,555,938.60	25,559,131.11	(3,192.52)
3130AXL71	FEDERAL HOME LOAN BANKS	5.451	100.0118	10/11/2024	55,000,000.00	55,006,490.00	55,005,103.13	1,386.88
3130AXL71	FEDERAL HOME LOAN BANKS	5.336	100.0118	10/11/2024	75,000,000.00	75,008,850.00	75,022,378.07	(13,528.07)
3130ARMT5	FEDERAL HOME LOAN BANKS	2.838	99.4149	10/25/2024	10,000,000.00	9,941,490.00	9,999,161.18	(57,671.18)
3130AXZM3	FEDERAL HOME LOAN BANKS	5.131	99.9567	11/01/2024	50,000,000.00	49,978,350.00	50,000,000.00	(21,650.00)
3135G06E8	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.420	98.5840	11/18/2024	10,000,000.00	9,858,400.00	10,000,000.00	(141,600.00)
3130AXV70	FEDERAL HOME LOAN BANKS	5.271	99.9887	11/20/2024	5,000,000.00	4,999,435.00	4,999,695.05	(260.05)
3130ALF25	FEDERAL HOME LOAN BANKS	0.400	98.4900	11/26/2024	5,000,000.00	4,924,500.00	5,000,000.00	(75,500.00)
3130AXYT9	FEDERAL HOME LOAN BANKS	5.300	99.9780	12/06/2024	9,410,000.00	9,407,929.80	9,410,000.00	(2,070.20)
3130AK3T1	FEDERAL HOME LOAN BANKS	0.500	98.3583	12/09/2024	10,000,000.00	9,835,830.00	10,000,000.00	(164,170.00)
3133ENGN4	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.970	98.5212	12/09/2024	10,000,000.00	9,852,120.00	10,000,000.00	(147,880.00)
3135GAKL4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.320	99.9791	12/10/2024	10,000,000.00	9,997,910.00	10,000,000.00	(2,090.00)
3135GAKL4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.320	99.9791	12/10/2024	50,000,000.00	49,989,550.00	50,000,000.00	(10,450.00)
3130ANRB8	FEDERAL HOME LOAN BANKS	0.553	98.2746	12/17/2024	10,000,000.00	9,827,460.00	9,999,883.74	(172,423.74)
3133ERHR5	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.325	99.9916	12/17/2024	25,000,000.00	24,997,900.00	25,000,000.00	(2,100.00)
3133ERHR5	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.325	99.9916	12/17/2024	50,000,000.00	49,995,800.00	50,000,000.00	(4,200.00)
3133EMLP5	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.339	98.1104	12/23/2024	10,000,000.00	9,811,040.00	9,999,257.66	(188,217.66)
3133EMLP5	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.320	98.1104	12/23/2024	5,000,000.00	4,905,520.00	5,000,000.00	(94,480.00)
3133EMLP5	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.320	98.1104	12/23/2024	15,000,000.00	14,716,560.00	15,000,000.00	(283,440.00)
3133ENKS8	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.202	98.2766	01/06/2025	5,000,000.00	4,913,830.00	4,998,370.76	(84,540.76)
3135G0X24	FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.098	98.4769	01/07/2025	10,000,000.00	9,847,690.00	10,022,435.18	(174,745.18)
3135GALA7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.300	99.9810	01/08/2025	10,000,000.00	9,998,100.00	10,000,000.00	(1,900.00)
3135GALB5	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.300	99.9701	01/08/2025	10,000,000.00	9,997,010.00	10,000,000.00	(2,990.00)
3130B0FE4	FEDERAL HOME LOAN BANKS	5.093	99.9470	01/08/2025	50,000,000.00	49,973,500.00	50,000,000.00	(26,500.00)
3130B0FE4	FEDERAL HOME LOAN BANKS	5.093	99.9470	01/08/2025	50,000,000.00	49,973,500.00	50,000,000.00	(26,500.00)
3130B0FP9	FEDERAL HOME LOAN BANKS	5.049	99.9277	01/08/2025	25,000,000.00	24,981,925.00	25,000,000.00	(18,075.00)
3134GWET9	FEDERAL HOME LOAN MORTGAGE CORP	0.510	97.7374	01/29/2025	15,000,000.00	14,660,610.00	15,000,000.00	(339,390.00)
3130AYWB8	FEDERAL HOME LOAN BANKS	5.250	99.9547	02/07/2025	10,000,000.00	9,995,470.00	10,000,000.00	(4,530.00)
3130AYWS1	FEDERAL HOME LOAN BANKS	5.020	99.8811	02/13/2025	25,000,000.00	24,970,275.00	25,000,000.00	(29,725.00)
3133ENPY0	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.764	98.1075	02/25/2025	5,000,000.00	4,905,375.00	4,999,620.44	(94,245.44)
3133EMSC7	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.512	97.3451	03/03/2025	10,000,000.00	9,734,510.00	9,998,167.70	(263,657.70)
3133EMSC7	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.480	97.3451	03/03/2025	5,000,000.00	4,867,255.00	5,000,000.00	(132,745.00)
3130AR4V0	FEDERAL HOME LOAN BANKS	2.150	98.2105	03/14/2025	5,000,000.00	4,910,525.00	5,000,000.00	(89,475.00)
3130AR4G3	FEDERAL HOME LOAN BANKS	4.264	98.2754	03/14/2025	3,500,000.00	3,439,639.00	3,458,641.49	(19,002.49)
3130ALLP7	FEDERAL HOME LOAN BANKS	0.688	97.2720	03/17/2025	15,000,000.00	14,590,800.00	14,996,466.77	(405,666.77)
3130ALLP7	FEDERAL HOME LOAN BANKS	0.701	97.2720	03/17/2025	25,000,000.00	24,318,000.00	24,992,071.98	(674,071.98)
3134GWT22	FEDERAL HOME LOAN MORTGAGE CORP	0.475	97.0944	03/24/2025	15,000,000.00	14,564,160.00	15,000,000.00	(435,840.00)
3130ALN34	FEDERAL HOME LOAN BANKS	0.700	97.2355	03/24/2025	10,000,000.00	9,723,550.00	10,000,000.00	(276,450.00)
3130ALKF0	FEDERAL HOME LOAN BANKS	0.625	97.1779	03/25/2025	10,000,000.00	9,717,790.00	10,000,000.00	(282,210.00)
3130ALKF0	FEDERAL HOME LOAN BANKS	0.625	97.1779	03/25/2025	10,000,000.00	9,717,790.00	10,000,000.00	(282,210.00)
3130ALNK6	FEDERAL HOME LOAN BANKS	0.625	97.1779	03/25/2025	10,000,000.00	9,717,790.00	10,000,000.00	(282,210.00)
3130AR7D7	FEDERAL HOME LOAN BANKS	2.050	98.0817	03/25/2025	5,000,000.00	4,904,085.00	5,000,000.00	(95,915.00)
3134GWP26	FEDERAL HOME LOAN MORTGAGE CORP	0.500	97.0725	03/28/2025	10,000,000.00	9,707,250.00	10,000,000.00	(292,750.00)
3133EMUP5	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.710	97.1570	04/01/2025	10,000,000.00	9,715,700.00	10,000,000.00	(284,300.00)
3133EMUP5	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.710	97.1570	04/01/2025	10,000,000.00	9,715,700.00	10,000,000.00	(284,300.00)
3130B0RM3	FEDERAL HOME LOAN BANKS	5.151	99.9347	04/02/2025	10,000,000.00	9,993,470.00	10,000,000.00	(6,530.00)
3133EPT39	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.217	99.9318	04/03/2025	20,000,000.00	19,986,360.00	20,000,000.00	(13,640.00)
3130ALWL4	FEDERAL HOME LOAN BANKS	0.720	97.0911	04/08/2025	15,000,000.00	14,563,665.00	15,000,000.00	(436,335.00)
3130B0XK0	FEDERAL HOME LOAN BANKS	5.500	100.0075	04/17/2025	20,000,000.00	20,001,500.00	20,000,000.00	1,500.00
3130B1B48	FEDERAL HOME LOAN BANKS	5.500	99.9812	05/02/2025	15,000,000.00	14,997,180.00	15,000,000.00	(2,820.00)
880591EW8	TENNESSEE VALLEY AUTHORITY	5.146	96.7718	05/15/2025	50,000,000.00	48,385,900.00	48,336,186.30	49,713.70
3130B1XD4	FEDERAL HOME LOAN BANKS	5.410	99.9799	05/15/2025	50,000,000.00	49,989,950.00	50,000,000.00	(10,050.00)
3130B0XE4	FEDERAL HOME LOAN BANKS	5.406	99.9847	05/23/2025	25,000,000.00	24,996,175.00	25,000,000.00	(3,825.00)
3130ALDX9	FEDERAL HOME LOAN BANKS	0.500	96.4463	05/23/2025	14,750,000.00	14,225,829.25	14,750,000.00	(524,170.75)
3134GVRV2	FEDERAL HOME LOAN MORTGAGE CORP	0.750	96.6035	05/27/2025	10,000,000.00	9,660,350.00	10,000,000.00	(339,650.00)
3134GVWM6	FEDERAL HOME LOAN MORTGAGE CORP	0.730	96.5782	05/28/2025	5,000,000.00	4,828,910.00	5,000,000.00	(171,090.00)
3134GVWM6	FEDERAL HOME LOAN MORTGAGE CORP	0.730	96.5782	05/28/2025	10,000,000.00	9,657,820.00	10,000,000.00	(342,180.00)
3134GVB31	FEDERAL HOME LOAN MORTGAGE CORP	0.760	96.5941	05/28/2025	15,000,000.00	14,489,115.00	14,998,762.87	(509,647.87)
3130ARSC6	FEDERAL HOME LOAN BANKS	2.900	98.3508	05/29/2025	10,000,000.00	9,835,080.00	10,000,000.00	(164,920.00)
3130B1B55	FEDERAL HOME LOAN BANKS	5.545	99.9909	06/02/2025	15,000,000.00	14,998,635.00	15,000,000.00	(1,365.00)
3130B1MT1	FEDERAL HOME LOAN BANKS	5.400	99.9809	06/03/2025	25,000,000.00	24,995,225.00	25,000,000.00	(4,775.00)
3134GVE95	FEDERAL HOME LOAN MORTGAGE CORP	0.650	96.4650	06/09/2025	15,000,000.00	14,469,750.00	15,000,000.00	(530,250.00)
3133ELH80	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.680	96.4124	06/10/2025	5,025,000.00	4,844,723.10	5,025,000.00	(180,276.90)
3134GWP91	FEDERAL HOME LOAN MORTGAGE CORP	0.500	96.2039	06/16/2025	5,000,000.00	4,810,195.00	5,000,000.00	(189,805.00)
3130ALHZ0	FEDERAL HOME LOAN BANKS	0.530	96.2094	06/18/2025	10,000,000.00	9,620,940.00	10,000,000.00	(379,060.00)
3135GAAZ4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.500	96.1232	06/24/2025	10,000,000.00	9,612,320.00	10,000,000.00	(387,680.00)
3130B1TQ0	FEDERAL HOME LOAN BANKS	5.375	99.9941	06/27/2025	10,000,000.00	9,999,410.00	10,000,000.00	(590.00)
3134GXYR9	FEDERAL HOME LOAN MORTGAGE CORP	3.560	98.7991	06/27/2025	10,000,000.00	9,879,910.00	10,000,000.00	(120,090.00)
3136G4XK4	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.650	96.1954	06/30/2025	5,000,000.00	4,809,770.00	5,000,000.00	(190,230.00)
3136G4XZ1	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.740	96.2748	06/30/2025	5,000,000.00	4,813,740.00	5,000,000.00	(186,260.00)
3130ALU93	FEDERAL HOME LOAN BANKS	0.750	96.2841	06/30/2025	10,000,000.00	9,628,410.00	10,000,000.00	(371,590.00)
3136G4XR9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.740	96.2093	07/07/2025	14,900,000.00	14,335,185.70	14,900,000.00	(564,814.30)
3136G4YU1	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.730	96.1253	07/15/2025	15,000,000.00	14,418,795.00	15,000,000.00	(581,205.00)
3136G4D75	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	95.8884	07/29/2025	10,000,000.00	9,588,840.00	10,000,000.00	(411,160.00)
3136G4C27	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.700	95.9842	07/29/2025	15,000,000.00	14,397,630.00	15,000,000.00	(602,370.00)
3136G4F32	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	95.8884	07/29/2025	10,000,000.00	9,588,840.00	10,000,000.00	(411,160.00)
3136G4B77	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.700	95.9186	08/04/2025	15,000,000.00	14,387,790.00	15,000,000.00	(612,210.00)
3136G4B77	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.700	95.9186	08/04/2025	10,000,000.00	9,591,860.00	10,000,000.00	(408,140.00)
3133EPKA2	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.019	99.1913	08/18/2025	10,000,000.00	9,919,130.00	9,998,375.46	(79,245.46)
3134GWLW4	FEDERAL HOME LOAN MORTGAGE CORP	0.625	95.7141	08/19/2025	10,000,000.00	9,571,410.00	10,000,000.00	(428,590.00)
3136G4H63	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.550	95.6344	08/19/2025	15,000,000.00	14,345,160.00	15,000,000.00	(654,840.00)
3130ALFN9	FEDERAL HOME LOAN BANKS	0.550	95.5790	08/25/2025	5,000,000.00	4,778,950.00	5,000,000.00	(221,050.00)
3136G4X40	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	95.6212	08/26/2025	10,000,000.00	9,562,120.00	10,000,000.00	(437,880.00)
3136G4Q97	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.650	95.6537	08/27/2025	8,650,000.00	8,274,045.05	8,650,000.00	(375,954.95)
3136G42F9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.625	95.6279	08/27/2025	5,000,000.00	4,781,395.00	5,000,000.00	(218,605.00)
3134GXS47	FEDERAL HOME LOAN MORTGAGE CORP	5.339	99.2489	08/28/2025	25,489,000.00	25,297,552.12	25,196,042.58	101,509.55
3130B1MH7	FEDERAL HOME LOAN BANKS	5.458	99.9866	09/12/2025	25,000,000.00	24,996,650.00	25,000,000.00	(3,350.00)
3134GWL38	FEDERAL HOME LOAN MORTGAGE CORP	0.540	95.3628	09/15/2025	10,000,000.00	9,536,280.00	10,000,000.00	(463,720.00)
3134GWL38	FEDERAL HOME LOAN MORTGAGE CORP	0.540	95.3628	09/15/2025	15,000,000.00	14,304,420.00	15,000,000.00	(695,580.00)
3137EAEX3	FEDERAL HOME LOAN MORTGAGE CORP	0.497	95.1934	09/23/2025	10,000,000.00	9,519,340.00	9,986,205.97	(466,865.97)
3134GWTG1	FEDERAL HOME LOAN MORTGAGE CORP	0.600	95.2913	09/30/2025	5,000,000.00	4,764,565.00	5,000,000.00	(235,435.00)
3135G06A6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.580	95.0753	10/20/2025	10,000,000.00	9,507,530.00	10,000,000.00	(492,470.00)
3135G06A6	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.587	95.0753	10/20/2025	10,000,000.00	9,507,530.00	9,999,138.96	(491,608.96)
3134GWZV1	FEDERAL HOME LOAN MORTGAGE CORP	1.238	95.1392	10/22/2025	15,000,000.00	14,270,880.00	14,894,864.18	(623,984.18)
3136G45C3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.540	94.9525	10/27/2025	10,000,000.00	9,495,250.00	10,000,000.00	(504,750.00)
3134GW3X2	FEDERAL HOME LOAN MORTGAGE CORP	0.625	95.0533	10/27/2025	10,000,000.00	9,505,330.00	10,000,000.00	(494,670.00)
3134GW3Y0	FEDERAL HOME LOAN MORTGAGE CORP	0.550	94.9552	10/28/2025	10,000,000.00	9,495,520.00	10,000,000.00	(504,480.00)

3134GW3Z7	FEDERAL HOME LOAN MORTGAGE CORP	0.600	95.0146	10/28/2025	10,000,000.00	9,501,460.00	10,000,000.00	(498,540.00)
3136G46S7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.560	94.9671	10/28/2025	5,000,000.00	4,748,355.00	5,000,000.00	(251,645.00)
3135G06C2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	95.0056	10/29/2025	10,000,000.00	9,500,560.00	10,000,000.00	(499,440.00)
3135G06C2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.604	95.0056	10/29/2025	10,000,000.00	9,500,560.00	9,999,502.42	(498,942.42)
3136G46N8	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	95.0056	10/29/2025	5,000,000.00	4,750,280.00	5,000,000.00	(249,720.00)
3135GA2N0	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.550	94.8910	11/04/2025	10,000,000.00	9,489,100.00	10,000,000.00	(510,900.00)
3135G06G3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.573	94.9523	11/07/2025	14,000,000.00	13,293,322.00	13,987,248.67	(693,926.67)
3134GXBM5	FEDERAL HOME LOAN MORTGAGE CORP	0.600	94.8936	11/12/2025	5,000,000.00	4,744,680.00	5,000,000.00	(255,320.00)
3134GXBM5	FEDERAL HOME LOAN MORTGAGE CORP	0.600	94.8936	11/12/2025	5,000,000.00	4,744,680.00	5,000,000.00	(255,320.00)
3135GA2Z3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.560	94.8008	11/17/2025	10,000,000.00	9,480,080.00	10,000,000.00	(519,920.00)
3135GA2Z3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.560	94.8008	11/17/2025	5,000,000.00	4,740,040.00	5,000,000.00	(259,960.00)
3135GA2Z3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.560	94.8008	11/17/2025	5,000,000.00	4,740,040.00	5,000,000.00	(259,960.00)
3135GA4P3	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.650	94.9037	11/18/2025	20,000,000.00	18,980,740.00	20,000,000.00	(1,019,260.00)
3135GA3Z2	FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.600	94.7812	11/25/2025	15,000,000.00	14,217,180.00	15,000,000.00	(782,820.00)
3133EMLR1	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.506	94.4196	12/23/2025	12,430,000.00	11,736,356.28	12,428,957.92	(692,601.64)
3134GXHL1	FEDERAL HOME LOAN MORTGAGE CORP	0.700	94.6277	12/30/2025	10,000,000.00	9,462,770.00	10,000,000.00	(537,230.00)
3134H1NW9	FEDERAL HOME LOAN MORTGAGE CORP	4.900	99.7645	01/06/2026	10,000,000.00	9,976,450.00	10,000,000.00	(23,550.00)
3130AYPS9	FEDERAL HOME LOAN BANKS	4.800	99.7721	01/30/2026	10,000,000.00	9,977,210.00	10,000,000.00	(22,790.00)
3130AL2G8	FEDERAL HOME LOAN BANKS	0.615	94.1228	02/18/2026	5,000,000.00	4,706,140.00	4,998,836.94	(292,696.94)
3130ALBX1	FEDERAL HOME LOAN BANKS	0.580	94.0519	02/23/2026	10,000,000.00	9,405,190.00	10,000,000.00	(594,810.00)
3130ALCV4	FEDERAL HOME LOAN BANKS	2.112	94.2967	02/24/2026	25,000,000.00	23,574,175.00	24,491,786.31	(917,611.31)
3130AL6K5	FEDERAL HOME LOAN BANKS	0.580	94.0354	02/25/2026	6,000,000.00	5,642,124.00	6,000,000.00	(357,876.00)
3130ALEM2	FEDERAL HOME LOAN BANKS	0.790	94.3486	02/25/2026	10,000,000.00	9,434,860.00	10,000,000.00	(565,140.00)
3130ALEM2	FEDERAL HOME LOAN BANKS	0.790	94.3486	02/25/2026	15,000,000.00	14,152,290.00	15,000,000.00	(847,710.00)
3130ALGR9	FEDERAL HOME LOAN BANKS	0.850	94.4306	02/26/2026	10,000,000.00	9,443,060.00	10,000,000.00	(556,940.00)
3130ALEY6	FEDERAL HOME LOAN BANKS	3.157	94.3138	03/04/2026	16,160,000.00	15,241,110.08	15,591,966.73	(350,856.65)
3130ALHH0	FEDERAL HOME LOAN BANKS	3.040	94.5488	03/05/2026	10,500,000.00	9,927,624.00	10,174,524.95	(246,900.95)
3133EP5K7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.668	100.1044	03/13/2026	10,000,000.00	10,010,440.00	9,974,251.82	36,188.18
3130ALEH3	FEDERAL HOME LOAN BANKS	0.700	94.0520	03/16/2026	25,000,000.00	23,513,000.00	25,000,000.00	(1,487,000.00)
3130ALFW9	FEDERAL HOME LOAN BANKS	0.790	94.1756	03/18/2026	15,000,000.00	14,126,340.00	15,000,000.00	(873,660.00)
3130ALH56	FEDERAL HOME LOAN BANKS	0.750	94.1136	03/18/2026	10,000,000.00	9,411,360.00	10,000,000.00	(588,640.00)
3130ALH56	FEDERAL HOME LOAN BANKS	0.750	94.1136	03/18/2026	10,000,000.00	9,411,360.00	10,000,000.00	(588,640.00)
3130ALHG2	FEDERAL HOME LOAN BANKS	0.750	94.1136	03/18/2026	10,000,000.00	9,411,360.00	10,000,000.00	(588,640.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	9,750,000.00	9,208,875.00	9,750,000.00	(541,125.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	9,750,000.00	9,208,875.00	9,750,000.00	(541,125.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	19,500,000.00	18,417,750.00	19,500,000.00	(1,082,250.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.016	94.4500	03/23/2026	8,921,250.00	8,426,120.63	8,918,927.94	(492,807.32)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	14,625,000.00	13,813,312.50	14,625,000.00	(811,687.50)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	14,625,000.00	13,813,312.50	14,625,000.00	(811,687.50)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	19,500,000.00	18,417,750.00	19,500,000.00	(1,082,250.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	1.000	94.4500	03/23/2026	9,750,000.00	9,208,875.00	9,750,000.00	(541,125.00)
3130ALGJ7	FEDERAL HOME LOAN BANKS	3.010	94.4500	03/23/2026	19,500,000.00	18,417,750.00	18,897,008.81	(479,258.81)
3130ALKL7	FEDERAL HOME LOAN BANKS	0.850	94.2138	03/25/2026	10,000,000.00	9,421,380.00	10,000,000.00	(578,620.00)
3133ENUL2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.110	97.6522	04/13/2026	10,000,000.00	9,765,220.00	10,000,000.00	(234,780.00)
3133EREV9	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.010	100.8715	05/15/2026	10,000,000.00	10,087,150.00	9,977,020.42	110,129.58
3133EMZS4	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.900	93.9083	05/18/2026	5,000,000.00	4,695,415.00	5,000,000.00	(304,585.00)
3134GYRX2	FEDERAL HOME LOAN MORTGAGE CORP	5.563	99.9981	05/18/2026	15,000,000.00	14,999,715.00	14,953,347.58	46,367.42
3134GYRX2	FEDERAL HOME LOAN MORTGAGE CORP	5.640	99.9981	05/18/2026	25,000,000.00	24,999,525.00	24,890,520.53	109,004.47
3130AMKB7	FEDERAL HOME LOAN BANKS	1.050	94.0919	05/26/2026	15,000,000.00	14,113,785.00	15,000,000.00	(886,215.00)
3130AMJN3	FEDERAL HOME LOAN BANKS	1.030	94.0575	05/26/2026	5,000,000.00	4,702,875.00	5,000,000.00	(297,125.00)
3130AMME9	FEDERAL HOME LOAN BANKS	1.000	94.0058	05/26/2026	10,000,000.00	9,400,580.00	10,000,000.00	(599,420.00)
3134H1V26	FEDERAL HOME LOAN MORTGAGE CORP	5.000	99.6067	05/28/2026	10,000,000.00	9,960,670.00	9,939,967.81	20,702.19
3130B1KC0	FEDERAL HOME LOAN BANKS	5.250	100.2828	05/28/2026	10,000,000.00	10,028,280.00	10,000,000.00	28,280.00
3130B1LW5	FEDERAL HOME LOAN BANKS	5.250	100.2946	05/29/2026	10,000,000.00	10,029,460.00	10,000,000.00	29,460.00
3130AMS52	FEDERAL HOME LOAN BANKS	1.000	93.9288	06/08/2026	15,000,000.00	14,089,320.00	15,000,000.00	(910,680.00)
3130AMMZ2	FEDERAL HOME LOAN BANKS	1.000	93.8976	06/10/2026	5,000,000.00	4,694,880.00	5,000,000.00	(305,120.00)
3130AMT69	FEDERAL HOME LOAN BANKS	1.070	93.9296	06/26/2026	10,000,000.00	9,392,960.00	10,000,000.00	(607,040.00)
3130AMWT5	FEDERAL HOME LOAN BANKS	1.050	93.8933	06/26/2026	15,000,000.00	14,083,995.00	15,000,000.00	(916,005.00)
3130ASDK2	FEDERAL HOME LOAN BANKS	3.250	98.0018	06/29/2026	5,250,000.00	5,145,094.50	5,250,000.00	(104,905.50)
3130AN3B4	FEDERAL HOME LOAN BANKS	1.020	93.7516	07/06/2026	15,000,000.00	14,062,740.00	15,000,000.00	(937,260.00)
3133EMQ62	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.990	93.6299	07/13/2026	10,000,000.00	9,362,990.00	10,000,000.00	(637,010.00)
3133EMQ62	FEDERAL FARM CREDIT BANKS FUNDING CORP	0.990	93.6299	07/13/2026	10,000,000.00	9,362,990.00	10,000,000.00	(637,010.00)
3130AN3R9	FEDERAL HOME LOAN BANKS	1.130	93.8605	07/20/2026	10,000,000.00	9,386,050.00	10,000,000.00	(613,950.00)
3133ENB66	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.174	97.7767	07/20/2026	10,000,000.00	9,777,670.00	9,995,577.00	(217,907.00)
3130AN5K2	FEDERAL HOME LOAN BANKS	4.366	94.6945	07/20/2026	2,375,000.00	2,248,994.38	2,252,650.51	(3,656.13)
3130ANBX7	FEDERAL HOME LOAN BANKS	1.000	93.5852	07/22/2026	15,000,000.00	14,037,780.00	15,000,000.00	(962,220.00)
3130ANAJ9	FEDERAL HOME LOAN BANKS	1.000	93.5321	07/27/2026	10,000,000.00	9,353,210.00	10,000,000.00	(646,790.00)
3130ANAJ9	FEDERAL HOME LOAN BANKS	1.000	93.5321	07/27/2026	15,000,000.00	14,029,815.00	15,000,000.00	(970,185.00)
3133ENC99	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.629	98.5412	07/27/2026	20,000,000.00	19,708,240.00	20,000,000.00	(291,760.00)
3133ENV72	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.638	100.3021	07/27/2026	5,000,000.00	5,015,105.00	4,987,713.66	27,391.34
3133ENV72	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.590	100.3021	07/27/2026	5,000,000.00	5,015,105.00	4,992,043.01	23,061.99
3133ENV72	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.477	100.3021	07/27/2026	5,000,000.00	5,015,105.00	5,002,258.62	12,846.38
3133END80	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.873	97.4720	08/03/2026	10,000,000.00	9,747,200.00	10,023,848.87	(276,648.87)
3130ANFD7	FEDERAL HOME LOAN BANKS	1.000	93.4667	08/05/2026	10,000,000.00	9,346,670.00	10,000,000.00	(653,330.00)
3133EPSW6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.583	100.3272	08/14/2026	15,000,000.00	15,049,080.00	14,976,611.77	72,468.23
3130ANE48	FEDERAL HOME LOAN BANKS	1.000	93.3835	08/17/2026	10,000,000.00	9,338,350.00	10,000,000.00	(661,650.00)
3130ANMH0	FEDERAL HOME LOAN BANKS	1.100	93.5566	08/20/2026	10,000,000.00	9,355,660.00	10,000,000.00	(644,340.00)
3130ANMH0	FEDERAL HOME LOAN BANKS	1.668	93.5566	08/20/2026	10,000,000.00	9,355,660.00	9,888,198.05	(532,538.05)
3130ANMH0	FEDERAL HOME LOAN BANKS	3.132	93.5566	08/20/2026	15,000,000.00	14,033,490.00	14,416,936.99	(383,446.99)
3133ENH45	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.137	97.6635	08/24/2026	5,000,000.00	4,883,175.00	4,998,865.86	(115,690.86)
3133ENH45	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.294	97.6635	08/24/2026	5,000,000.00	4,883,175.00	4,983,794.24	(100,619.24)
3130ANPF1	FEDERAL HOME LOAN BANKS	1.000	93.3472	08/25/2026	10,000,000.00	9,334,720.00	10,000,000.00	(665,280.00)
3130ANTS9	FEDERAL HOME LOAN BANKS	1.000	93.3404	08/26/2026	15,000,000.00	14,001,060.00	15,000,000.00	(998,940.00)
3130ANSC5	FEDERAL HOME LOAN BANKS	1.000	93.3404	08/26/2026	15,000,000.00	14,001,060.00	15,000,000.00	(998,940.00)
3133ERFT3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.930	101.0918	08/28/2026	10,000,000.00	10,109,180.00	9,985,450.11	123,729.89
3130ATFH5	FEDERAL HOME LOAN BANKS	3.941	98.9186	09/11/2026	5,000,000.00	4,945,930.00	4,981,528.84	(35,598.84)
3130ATHV2	FEDERAL HOME LOAN BANKS	4.312	99.9171	09/11/2026	1,000,000.00	999,171.00	998,814.67	356.33
3133EPWS0	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.200	100.4159	09/25/2026	25,000,000.00	25,103,975.00	25,000,000.00	103,975.00
3130AP5M3	FEDERAL HOME LOAN BANKS	1.040	93.1928	09/28/2026	15,000,000.00	13,978,920.00	15,000,000.00	(1,021,080.00)
3130APAD7	FEDERAL HOME LOAN BANKS	1.035	93.2133	09/28/2026	15,000,000.00	13,981,995.00	15,000,000.00	(1,018,005.00)
3130ANYN4	FEDERAL HOME LOAN BANKS	1.000	93.0982	09/30/2026	10,000,000.00	9,309,820.00	10,000,000.00	(690,180.00)
3133ENT67	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.318	99.5621	10/19/2026	5,000,000.00	4,978,105.00	4,993,133.74	(15,028.74)
3133ENT67	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.318	99.5621	10/19/2026	5,000,000.00	4,978,105.00	4,993,133.74	(15,028.74)
3133ENBK5	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.249	93.2336	10/20/2026	10,000,000.00	9,323,360.00	9,976,505.52	(653,145.52)
3133ENBK5	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.340	93.2336	10/20/2026	10,000,000.00	9,323,360.00	9,957,178.63	(633,818.63)
3133EN7A2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.827	98.3583	10/26/2026	4,300,000.00	4,229,406.90	4,282,186.88	(52,779.98)
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.046	92.4734	10/27/2026	20,000,000.00	18,494,680.00	19,067,705.60	(573,025.60)
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.092	92.4734	10/27/2026	20,000,000.00	18,494,680.00	19,045,528.11	(550,848.11)
3134GW4C7	FEDERAL HOME LOAN MORTGAGE CORP	3.488	92.4734	10/27/2026	5,000,000.00	4,623,670.00	4,722,472.13	(98,802.13)
3134GW6C5	FEDERAL HOME LOAN MORTGAGE CORP	3.122	92.4662	10/28/2026	15,000,000.00	13,869,930.00	14,277,256.93	(407,326.93)
3130ARUF6	FEDERAL HOME LOAN BANKS	3.125	97.5500	10/29/2026	10,000,000.00	9,755,000.00	10,000,000.00	(245,000.00)
3133ENEM8	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.430	93.6990	11/23/2026	10,000,000.00	9,369,900.00	10,000,000.00	(630,100.00)
3130APWW1	FEDERAL HOME LOAN BANKS	1.503	93.8448	11/24/2026	20,000,000.00	18,768,960.00	19,998,606.38	(1,229,646.38)
3130ATVE4	FEDERAL HOME LOAN BANKS	3.986	100.6124	12/11/2026	5,000,000.00	5,030,620.00	5,055,318.92	(24,698.92)
3133EN4G2	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.923	99.3867	12/15/2026	25,000,000.00	24,846,675.00	25,009,039.36	(162,364.36)
3130AQF65	FEDERAL HOME LOAN BANKS	1.306	93.3540	12/21/2026	10,000,000.00	9,335,400.00	9,987,094.40	(651,694.40)
3130AQAY9	FEDERAL HOME LOAN BANKS	1.500	93.6689	12/30/2026	25,000,000.00	23,417,225.00	25,000,000.00	(1,582,775.00)
3133ENKG4	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.908	93.5313	01/11/2027	10,000,000.00	9,353,130.00	9,898,184.09	(545,054.09)
3130AYPN0	FEDERAL HOME LOAN BANKS	4.207	99.8420	01/15/2027	20,000,000.00	19,968,400.00	19,962,694.09	5,705.92
3133ENLZ1	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.860	94.1433	01/26/2027	10,000,000.00	9,414,330.00	9,981,065.85	(566,735.85)
3130AQKM4	FEDERAL HOME LOAN BANKS	1.750	94.0655	01/28/2027	11,250,000.00	10,582,368.75	11,250,000.00	(667,631.25)
3130AQHS5	FEDERAL HOME LOAN BANKS	1.984	93.9497	01/28/2027	10,000,000.00	9,394,970.00	9,932,844.11	(537,874.11)
3130AQHS5	FEDERAL HOME LOAN BANKS	2.086	93.9497	01/28/2027	20,000,000.00	18,789,940.00	19,817,898.83	(1,027,958.83)
3134H1QV8	FEDERAL HOME LOAN MORTGAGE CORP	5.000	99.7808	01/28/2027	20,000,000.00	19,956,160.00	20,000,000.00	(43,840.00)
3130AKYH3	FEDERAL HOME LOAN BANKS	1.746	91.8278	02/10/2027	10,000,000.00	9,182,780.00	9,779,246.00	(596,466.00)
3135GANR8	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.295	99.8469	02/12/2027	10,000,000.00	9,984,690.00	9,987,328.77	(2,638.77)
3130AL2X1	FEDERAL HOME LOAN BANKS	3.001	91.8245	02/17/2027	10,000,000.00	9,182,450.00	9,493,630.85	(311,180.85)
3130ALED2	FEDERAL HOME LOAN BANKS	2.050	92.1813	02/24/2027	15,000,000.00	13,827,195.00	14,625,355.13	(798,160.13)
3130ALED2	FEDERAL HOME LOAN BANKS	3.001	92.1813	02/24/2027	20,000,000.00	18,436,260.00	19,057,953.32	(621,693.32)
3130AQRQ8	FEDERAL HOME LOAN BANKS	2.000	94.5541	02/25/2027	10,000,000.00	9,455,410.00	10,000,000.00	(544,590.00)
3130AQRH8	FEDERAL HOME LOAN BANKS	2.000	94.5541	02/25/2027	5,000,000.00	4,727,705.00	5,000,000.00	(272,295.00)
3130AQRH8	FEDERAL HOME LOAN BANKS	2.000	94.5541	02/25/2027	5,000,000.00	4,727,705.00	5,000,000.00	(272,295.00)
3135GAPM7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.520	100.0162	02/26/2027	10,000,000.00	10,001,620.00	10,000,000.00	1,620.00

3130B0C98	FEDERAL HOME LOAN BANKS	5.260	100.0025	03/02/2027	15,000,000.00	15,000,375.00	15,000,000.00	375.00
3130AR6U0	FEDERAL HOME LOAN BANKS	2.500	95.5955	03/22/2027	5,000,000.00	4,779,775.00	5,000,000.00	(220,225.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	96.7086	03/25/2027	10,000,000.00	9,670,860.00	10,000,000.00	(329,140.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	96.7086	03/25/2027	10,000,000.00	9,670,860.00	10,000,000.00	(329,140.00)
3130ARHX2	FEDERAL HOME LOAN BANKS	3.000	96.7086	03/25/2027	10,000,000.00	9,670,860.00	10,000,000.00	(329,140.00)
3133EP6K6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.617	100.8091	03/26/2027	16,047,000.00	16,176,836.28	16,000,634.26	176,202.01
3130B0TY5	FEDERAL HOME LOAN BANKS	4.846	101.4741	04/09/2027	10,000,000.00	10,147,410.00	9,976,305.22	171,104.79
3133ENVD9	FEDERAL FARM CREDIT BANKS FUNDING CORP	2.913	96.6987	04/26/2027	10,000,000.00	9,669,870.00	9,990,380.72	(320,510.72)
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.606	98.6184	04/26/2027	8,000,000.00	7,889,472.00	8,004,015.16	(114,543.16)
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.623	98.6184	04/26/2027	2,000,000.00	1,972,368.00	2,000,176.31	(27,808.31)
3133EN6V7	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.744	98.6184	04/26/2027	4,820,000.00	4,753,406.88	4,805,764.31	(52,357.43)
3130ARPV7	FEDERAL HOME LOAN BANKS	3.500	97.6340	04/28/2027	10,000,000.00	9,763,400.00	10,000,000.00	(236,600.00)
3130ARSF9	FEDERAL HOME LOAN BANKS	3.000	97.0101	04/29/2027	10,000,000.00	9,701,010.00	10,000,000.00	(298,990.00)
3133ERDS7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.583	101.5125	05/06/2027	10,000,000.00	10,151,250.00	10,042,330.20	108,919.80
3130AS3F4	FEDERAL HOME LOAN BANKS	3.770	98.0559	05/26/2027	10,000,000.00	9,805,590.00	10,000,000.00	(194,410.00)
3134GYRS3	FEDERAL HOME LOAN MORTGAGE CORP	5.025	99.6823	05/26/2027	15,000,000.00	14,952,345.00	15,000,000.00	(47,655.00)
3130ASGU7	FEDERAL HOME LOAN BANKS	3.095	98.2792	06/11/2027	10,000,000.00	9,827,920.00	10,106,611.37	(278,691.37)
3130AWBZ2	FEDERAL HOME LOAN BANKS	4.000	99.9486	06/11/2027	8,260,000.00	8,255,754.36	8,286,907.95	(31,153.59)
3130AWBZ2	FEDERAL HOME LOAN BANKS	4.055	99.9486	06/11/2027	10,000,000.00	9,994,860.00	10,018,268.22	(23,408.22)
3133EPMV4	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.133	99.9487	06/15/2027	7,225,000.00	7,221,293.58	7,223,440.04	(2,146.46)
3133EPMV4	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.133	99.9487	06/15/2027	15,000,000.00	14,992,305.00	14,996,772.07	(4,467.07)
3130ASDV8	FEDERAL HOME LOAN BANKS	3.300	97.7109	06/28/2027	10,000,000.00	9,771,090.00	10,000,000.00	(228,910.00)
3130ASH44	FEDERAL HOME LOAN BANKS	4.700	99.4162	06/30/2027	15,000,000.00	14,912,430.00	15,000,000.00	(87,570.00)
3134GXZW7	FEDERAL HOME LOAN MORTGAGE CORP	4.250	98.8505	06/30/2027	10,000,000.00	9,885,050.00	10,000,000.00	(114,950.00)
3130AUAP9	FEDERAL HOME LOAN BANKS	4.450	99.1135	06/30/2027	25,000,000.00	24,778,375.00	25,000,000.00	(221,625.00)
3134H15K5	FEDERAL HOME LOAN MORTGAGE CORP	5.002	99.5322	07/08/2027	10,000,000.00	9,953,220.00	9,951,095.89	2,124.11
3133ENB33	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.075	97.0052	07/19/2027	10,000,000.00	9,700,520.00	9,993,185.65	(292,665.65)
3134GYDU3	FEDERAL HOME LOAN MORTGAGE CORP	4.720	99.3484	07/30/2027	25,000,000.00	24,837,100.00	25,000,000.00	(162,900.00)
3130ATHW0	FEDERAL HOME LOAN BANKS	4.239	100.0321	09/10/2027	2,000,000.00	2,000,642.00	1,993,655.64	6,986.36
3130ATHW0	FEDERAL HOME LOAN BANKS	4.241	100.0321	09/10/2027	3,000,000.00	3,000,963.00	2,990,377.17	10,585.83
3133ENL99	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.467	97.8560	09/15/2027	10,000,000.00	9,785,600.00	9,973,841.18	(188,241.18)
3133ENL99	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.830	97.8560	09/15/2027	10,000,000.00	9,785,600.00	9,871,904.61	(86,304.61)
3130ATET0	FEDERAL HOME LOAN BANKS	3.702	98.7864	09/27/2027	20,000,000.00	19,757,280.00	19,998,738.23	(241,458.23)
3133EPXB6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.754	101.4980	09/28/2027	10,000,000.00	10,149,800.00	9,963,381.79	186,418.21
3133EPXB6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.730	101.4980	09/28/2027	20,000,000.00	20,299,600.00	19,940,495.41	359,104.59
3133EPXB6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.733	101.4980	09/28/2027	20,000,000.00	20,299,600.00	19,938,285.69	361,314.31
3130ATBV8	FEDERAL HOME LOAN BANKS	4.150	100.1051	09/29/2027	5,000,000.00	5,005,255.00	5,000,000.00	5,255.00
3130ATBV8	FEDERAL HOME LOAN BANKS	4.150	100.1051	09/29/2027	5,000,000.00	5,005,255.00	5,000,000.00	5,255.00
3130ATBV8	FEDERAL HOME LOAN BANKS	4.150	100.1051	09/29/2027	7,225,000.00	7,232,593.48	7,225,000.00	7,593.48
3133ENQ29	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.122	99.6648	09/29/2027	15,000,000.00	14,949,720.00	14,948,382.83	1,337.17
3130AXEN4	FEDERAL HOME LOAN BANKS	4.779	102.0128	09/29/2027	15,000,000.00	15,301,920.00	15,008,886.04	293,033.96
3130ATFA0	FEDERAL HOME LOAN BANKS	5.125	99.7572	09/30/2027	13,000,000.00	12,968,436.00	13,000,000.00	(31,564.00)
3130ATEF0	FEDERAL HOME LOAN BANKS	4.250	98.6420	09/30/2027	15,000,000.00	14,796,300.00	15,000,000.00	(203,700.00)
3133EPXD2	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.825	100.0627	10/04/2027	10,000,000.00	10,006,270.00	9,976,201.23	30,068.77
3133EPH81	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500	101.1665	10/04/2027	25,000,000.00	25,291,625.00	25,001,241.79	290,383.21
3130B0Q77	FEDERAL HOME LOAN BANKS	5.000	100.1089	10/08/2027	10,000,000.00	10,010,890.00	10,000,000.00	10,890.00
3133EPYM1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.804	101.9171	10/13/2027	10,000,000.00	10,191,710.00	9,984,570.57	207,139.43
3133ENS50	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.231	100.0614	10/14/2027	23,775,000.00	23,789,597.85	23,703,112.70	86,485.15
31422XM90	FEDERAL AGRICULTURAL MORTGAGE CORP	4.320	100.5244	10/21/2027	5,000,000.00	5,026,220.00	5,000,000.00	26,220.00
31422XM90	FEDERAL AGRICULTURAL MORTGAGE CORP	4.320	100.5244	10/21/2027	5,000,000.00	5,026,220.00	5,000,000.00	26,220.00
31422XM90	FEDERAL AGRICULTURAL MORTGAGE CORP	4.320	100.5244	10/21/2027	5,000,000.00	5,026,220.00	5,000,000.00	26,220.00
3133ENV23	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.503	99.9126	10/25/2027	5,000,000.00	4,995,630.00	4,996,765.35	(1,135.35)
3133ENV23	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.503	99.9126	10/25/2027	5,000,000.00	4,995,630.00	4,996,754.68	(1,124.68)
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.284	100.4577	10/27/2027	5,000,000.00	5,022,885.00	5,013,108.16	9,776.84
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.195	100.4577	10/27/2027	3,715,000.00	3,732,003.56	3,734,345.03	(2,341.48)
3133ENW63	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.252	100.4577	10/27/2027	15,000,000.00	15,068,655.00	15,053,413.94	15,241.06
31422XQ70	FEDERAL AGRICULTURAL MORTGAGE CORP	4.050	99.7420	11/22/2027	12,000,000.00	11,969,040.00	12,000,000.00	(30,960.00)
3130ATW45	FEDERAL HOME LOAN BANKS	4.851	99.9344	11/29/2027	4,895,000.00	4,891,788.88	4,898,013.34	(6,224.46)
3133EN3H1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.080	99.7407	11/29/2027	25,000,000.00	24,935,175.00	24,940,355.71	(5,180.71)
3133EN3H1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.077	99.7407	11/29/2027	25,000,000.00	24,935,175.00	24,942,759.93	(7,584.93)
3133EN3H1	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.061	99.7407	11/29/2027	25,000,000.00	24,935,175.00	24,954,420.87	(19,245.87)
3130ATUS4	FEDERAL HOME LOAN BANKS	3.796	100.5471	12/10/2027	25,000,000.00	25,136,775.00	25,342,964.09	(206,189.09)
3130ATUS4	FEDERAL HOME LOAN BANKS	4.002	100.5471	12/10/2027	50,000,000.00	50,273,550.00	50,371,629.13	(98,079.13)
3130ATUS4	FEDERAL HOME LOAN BANKS	4.036	100.5471	12/10/2027	15,000,000.00	15,082,065.00	15,095,998.24	(13,933.24)
3133EN4S6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.896	98.9485	12/22/2027	15,000,000.00	14,842,275.00	14,933,286.31	(91,011.31)
3134GYAJ1	FEDERAL HOME LOAN MORTGAGE CORP	4.800	99.4194	12/30/2027	25,000,000.00	24,854,850.00	25,000,000.00	(145,150.00)
3134GYCF7	FEDERAL HOME LOAN MORTGAGE CORP	4.510	99.1161	12/30/2027	25,000,000.00	24,779,025.00	25,000,000.00	(220,975.00)
3133EN5N6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000	99.8594	01/06/2028	25,000,000.00	24,964,850.00	25,000,000.00	(35,150.00)
3133EN5N6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.713	99.8594	01/06/2028	20,000,000.00	19,971,880.00	20,178,423.86	(206,543.86)
3133EN5N6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.757	99.8594	01/06/2028	18,000,000.00	17,974,692.00	18,135,248.86	(160,556.86)
3133EN5N6	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.530	99.8594	01/06/2028	10,000,000.00	9,985,940.00	10,146,764.07	(160,824.07)
3133ERLN9	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.050	100.0149	01/18/2028	10,000,000.00	10,001,490.00	10,000,000.00	1,490.00
3133ERLN9	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.050	100.0149	01/18/2028	10,000,000.00	10,001,490.00	10,000,000.00	1,490.00
3134H17J6	FEDERAL HOME LOAN MORTGAGE CORP	5.000	99.6900	01/18/2028	10,000,000.00	9,969,000.00	9,974,878.03	(5,878.03)
3134HAAB9	FEDERAL HOME LOAN MORTGAGE CORP	5.000	99.6885	01/24/2028	20,000,000.00	19,937,700.00	19,936,797.81	902.19
3134GYG71	FEDERAL HOME LOAN MORTGAGE CORP	5.050	99.7971	01/26/2028	10,000,000.00	9,979,710.00	10,000,000.00	(20,290.00)
3134GYG97	FEDERAL HOME LOAN MORTGAGE CORP	4.180	98.4273	02/07/2028	25,000,000.00	24,606,825.00	25,000,000.00	(393,175.00)
3130AYVC7	FEDERAL HOME LOAN BANKS	4.625	99.7996	02/09/2028	10,000,000.00	9,979,960.00	10,000,000.00	(20,040.00)
3135GAQ79	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.351	99.9270	03/06/2028	10,000,000.00	9,992,700.00	9,983,812.33	8,887.67
3135GAQH7	FEDERAL NATIONAL MORTGAGE ASSOCIATION	5.262	99.9226	03/21/2028	10,000,000.00	9,992,260.00	9,986,365.50	5,894.50
3133EP6Q3	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.254	99.9526	03/27/2028	10,000,000.00	9,995,260.00	9,995,431.51	(171.51)
3133EPEK7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.620	99.0968	04/03/2028	10,000,000.00	9,909,680.00	10,000,000.00	(90,320.00)
3130B0PN3	FEDERAL HOME LOAN BANKS	4.780	100.2708	04/06/2028	20,000,000.00	20,054,160.00	20,000,000.00	54,160.00
3133EPGW9	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.784	99.4507	04/25/2028	10,000,000.00	9,945,070.00	10,030,736.51	(85,666.51)
3130AVS94	FEDERAL HOME LOAN BANKS	5.150	99.6803	04/26/2028	20,000,000.00	19,936,060.00	20,000,000.00	(63,940.00)
3134GYR38	FEDERAL HOME LOAN MORTGAGE CORP	5.700	100.0158	05/15/2028	10,000,000.00	10,001,580.00	10,000,000.00	1,580.00
3133EPJS5	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.290	98.6285	05/16/2028	25,000,000.00	24,657,125.00	25,000,000.00	(342,875.00)
3133EPJS5	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.290	98.6285	05/16/2028	25,000,000.00	24,657,125.00	25,000,000.00	(342,875.00)
3130AW2R0	FEDERAL HOME LOAN BANKS	4.950	99.7708	05/23/2028	10,000,000.00	9,977,080.00	10,000,000.00	(22,920.00)
3133EPLE3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.727	99.2054	05/30/2028	10,000,000.00	9,920,540.00	9,980,849.32	(60,309.32)
3133EPLE3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.775	99.2054	05/30/2028	9,276,000.00	9,202,292.90	9,242,970.04	(40,677.14)
3134GYTV4	FEDERAL HOME LOAN MORTGAGE CORP	5.410	99.9800	06/07/2028	25,000,000.00	24,995,000.00	25,000,000.00	(5,000.00)
3134GYTV4	FEDERAL HOME LOAN MORTGAGE CORP	5.410	99.9800	06/07/2028	10,000,000.00	9,998,000.00	10,000,000.00	(2,000.00)
3130AVVX7	FEDERAL HOME LOAN BANKS	3.892	98.9930	06/09/2028	10,000,000.00	9,899,300.00	9,950,215.22	(50,915.22)
3130AWC24	FEDERAL HOME LOAN BANKS	3.987	99.8772	06/09/2028	10,000,000.00	9,987,720.00	10,004,233.30	(16,513.30)
3133EPNH4	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.171	99.4312	06/21/2028	15,000,000.00	14,914,680.00	14,845,431.56	69,248.44
3134GYVC3	FEDERAL HOME LOAN MORTGAGE CORP	6.000	100.0539	06/28/2028	25,000,000.00	25,013,475.00	25,000,000.00	13,475.00
3130B23Z6	FEDERAL HOME LOAN BANKS	4.650	100.2549	07/24/2028	15,000,000.00	15,038,235.00	15,000,000.00	38,235.00
3134GYXF4	FEDERAL HOME LOAN MORTGAGE CORP	6.000	100.0537	07/27/2028	10,000,000.00	10,005,370.00	10,000,000.00	5,370.00
3133EPJE6	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.357	98.1092	08/09/2028	10,000,000.00	9,810,920.00	9,693,254.79	117,665.21
3133EPTA3	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.300	99.8983	08/14/2028	25,000,000.00	24,974,575.00	24,832,125.49	142,449.51
3130AWTK6	FEDERAL HOME LOAN BANKS	5.732	100.0249	08/22/2028	15,000,000.00	15,003,735.00	14,993,916.26	9,818.74
3133EPUN3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.529	101.8091	08/28/2028	10,000,000.00	10,180,910.00	9,984,281.12	196,628.88
3133EPUN3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.529	101.8091	08/28/2028	10,000,000.00	10,180,910.00	9,984,281.12	196,628.88
3133EPUN3	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.496	101.8091	08/28/2028	25,000,000.00	25,452,275.00	24,990,226.60	462,048.40
3130AWTR1	FEDERAL HOME LOAN BANKS	4.346	101.3890	09/08/2028	5,000,000.00	5,069,450.00	5,005,004.87	64,445.13
3133EPWM3	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.040	100.9849	09/22/2028	25,000,000.00	25,246,225.00	25,000,000.00	246,225.00
3133EPWK7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.525	101.8729	09/22/2028	10,000,000.00	10,187,290.00	9,990,890.53	196,399.47
3133EPWK7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.684	101.8729	09/22/2028	10,000,000.00	10,187,290.00	9,932,533.99	254,756.01
3133EPWK7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.762	101.8729	09/22/2028	10,000,000.00	10,187,290.00	9,904,235.21	283,054.79
3133EPXE0	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.480	100.6363	10/02/2028	10,000,000.00	10,063,630.00	10,000,000.00	63,630.00
3133EPXE0	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.539	100.6363	10/02/2028	25,000,000.00	25,159,075.00	24,946,828.45	212,246.55
3134H1FG3	FEDERAL HOME LOAN MORTGAGE CORP	5.750	100.0680	10/11/2028	10,500,000.00	10,507,140.00	10,500,000.00	7,140.00
3133EPYT6	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.520	100.7552	10/20/2028	25,000,000.00	25,188,800.00	25,000,000.00	188,800.00
3130AXL48	FEDERAL HOME LOAN BANKS	5.300	101.7453	10/20/2028	40,000,000.00	40,698,120.00	40,000,000.00	698,120.00
3130AXQC5	FEDERAL HOME LOAN BANKS	5.210	101.4763	11/03/2028	25,000,000.00	25,369,075.00	25,000,000.00	369,075.00
3134H1KZ5	FEDERAL HOME LOAN MORTGAGE CORP	5.500	99.9365	11/27/2028	10,000,000.00	9,993,650.00	10,000,000.00	(6,350.00)
3134H1KZ5	FEDERAL HOME LOAN MORTGAGE CORP	5.500	99.9365	11/27/2028	10,000,000.00	9,993,650.00	10,000,000.00	(6,350.00)
3130AXXU7	FEDERAL HOME LOAN BANKS	5.650	100.0335	12/06/2028	10,000,000.00	10,003,350.00	10,000,000.00	3,350.00
3133EPX59	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.462	99.9136	01/23/2029	10,000,000.00	9,991,360.00	9,987,317.83	4,042.17
3130AYRY4	FEDERAL HOME LOAN BANKS	4.625	99.6057	02/02/2029	10,000,000.00	9,960,570.00	10,000,000.00	(39,430.00)
3133EP4A0	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.309	101.1434	02/28/2029	15,000,000.00	15,171,510.00	14,954,933.08	216,576.92
3133EP5U5	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.238	100.7158	03/20/2029	25,000,000.00	25,178,950.00	24,882,240.90	296,709.10

3130B0TF6	FEDERAL HOME LOAN BANKS	4.750	100.9068	04/09/2029	10,000,000.00	10,090,680.00	10,000,000.00	90,680.00
3133ERAK7	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.382	101.7836	04/10/2029	20,000,000.00	20,356,720.00	19,993,996.06	362,723.94
3130B25S0	FEDERAL HOME LOAN BANKS	4.710	100.3108	07/30/2029	15,000,000.00	15,046,620.00	15,000,000.00	46,620.00
---	**---**	**3.389**	**98.1715**	**07/26/2026**	**5,003,499,250.00**	**4,911,571,557.96**	**4,992,191,485.23**	**(80,619,927.27)**

Agency
AGCY DISC

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
313384C23	FEDERAL HOME LOAN BANKS	5.397	99.7938	08/15/2024	10,000,000.00	9,979,380.00	9,979,777.78	(397.78)
313384C23	FEDERAL HOME LOAN BANKS	5.397	99.7938	08/15/2024	10,000,000.00	9,979,380.00	9,979,777.78	(397.78)
313384G29	FEDERAL HOME LOAN BANKS	5.237	99.3247	09/16/2024	10,000,000.00	9,932,470.00	9,935,344.44	(2,874.44)
313384J75	FEDERAL HOME LOAN BANKS	5.208	99.0237	10/07/2024	10,000,000.00	9,902,370.00	9,906,479.27	(4,109.27)
313384N39	FEDERAL HOME LOAN BANKS	4.865	98.6347	11/04/2024	15,000,000.00	14,795,205.00	14,813,562.50	(18,357.50)
313384N39	FEDERAL HOME LOAN BANKS	5.294	98.6347	11/04/2024	10,000,000.00	9,863,470.00	9,863,701.39	(231.39)
313384N39	FEDERAL HOME LOAN BANKS	5.294	98.6347	11/04/2024	15,000,000.00	14,795,205.00	14,795,552.09	(347.09)
313384N70	FEDERAL HOME LOAN BANKS	4.921	98.5794	11/08/2024	25,000,000.00	24,644,850.00	24,673,093.75	(28,243.75)
313384V30	FEDERAL HOME LOAN BANKS	4.999	97.8903	12/30/2024	10,000,000.00	9,789,030.00	9,797,408.33	(8,378.33)
313385AC0	FEDERAL HOME LOAN BANKS	5.243	97.8378	01/03/2025	25,000,000.00	24,459,450.00	24,451,579.86	7,870.14
313385AJ5	FEDERAL HOME LOAN BANKS	5.242	97.7594	01/09/2025	25,000,000.00	24,439,850.00	24,430,909.72	8,940.28
313385AK2	FEDERAL HOME LOAN BANKS	5.076	97.7464	01/10/2025	50,000,000.00	48,873,200.00	48,894,125.00	(20,925.00)
313385AK2	FEDERAL HOME LOAN BANKS	5.243	97.7464	01/10/2025	25,000,000.00	24,436,600.00	24,427,375.58	9,224.42
313385AK2	FEDERAL HOME LOAN BANKS	5.243	97.7464	01/10/2025	25,000,000.00	24,436,600.00	24,427,374.96	9,225.04
313385AK2	FEDERAL HOME LOAN BANKS	5.241	97.7464	01/10/2025	25,000,000.00	24,436,600.00	24,427,375.00	9,225.00
313385AY2	FEDERAL HOME LOAN BANKS	4.837	97.5781	01/23/2025	14,470,000.00	14,119,551.07	14,141,510.87	(21,959.80)
313385BK1	FEDERAL HOME LOAN BANKS	5.175	97.4397	02/03/2025	25,000,000.00	24,359,925.00	24,350,291.67	9,633.33
313313BM9	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.013	97.4153	02/05/2025	50,000,000.00	48,707,650.00	48,733,611.11	(25,961.11)
313385CA2	FEDERAL HOME LOAN BANKS	5.202	97.2581	02/18/2025	15,000,000.00	14,588,715.00	14,577,062.50	11,652.50
313313CA4	FEDERAL FARM CREDIT BANKS FUNDING CORP	5.202	97.2581	02/18/2025	20,000,000.00	19,451,620.00	19,436,083.33	15,536.67
313385FB7	FEDERAL HOME LOAN BANKS	5.160	96.3940	05/02/2025	50,000,000.00	48,197,000.00	48,106,736.11	90,263.89
---	**---**	**5.146**	**97.7929**	**01/08/2025**	**464,470,000.00**	**454,188,121.07**	**454,148,733.05**	**39,388.02**

Agency CMO
FHLMC CMO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
3137FEUA6	FHMS K-730 A2	5.396	99.1278	01/25/2025	47,141,046.50	46,729,899.26	46,795,096.78	(65,197.51)
3137BHCY1	FHMS K-044 A2	5.154	98.7726	01/25/2025	18,394,549.00	18,168,775.23	18,219,632.74	(50,857.52)
3137BHCY1	FHMS K-044 A2	5.179	98.7726	01/25/2025	14,767,623.80	14,586,366.72	14,620,057.44	(33,690.72)
---	**---**	**5.301**	**98.9813**	**01/25/2025**	**80,303,219.30**	**79,485,041.21**	**79,634,786.95**	**(149,745.75)**

Agency CMO
FNMA CMO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
3136AW7J0	FNA 2017-M8 A2	3.448	96.2963	05/25/2027	11,499,134.85	11,073,243.12	11,415,557.80	(342,314.68)
3136B2HA3	FNA 2018-M10 A2	5.208	96.4470	07/25/2028	9,725,802.72	9,380,244.36	9,292,004.61	88,239.76
---	**---**	**4.237**	**96.3639**	**12/03/2027**	**21,224,937.57**	**20,453,487.48**	**20,707,562.41**	**(254,074.93)**

Agency MBS
FHLMC

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
3137FG7F6	FHMS K-732 A2	5.197	98.7859	05/25/2025	14,983,000.42	14,801,089.41	14,820,087.87	(18,998.45)
3137BM7C4	FHMS K-051 A2	4.877	98.1513	09/25/2025	9,200,000.00	9,029,920.98	9,046,101.00	(16,180.02)
3137FMU67	FHMS K-735 A2	3.518	96.8710	05/25/2026	14,559,477.00	14,103,903.83	14,403,822.09	(299,918.26)
3137FNWX4	FHMS K-736 A2	3.655	95.8292	07/25/2026	10,000,000.00	9,582,920.40	9,763,941.78	(181,021.38)
3137BRQJ7	FHMS K-057 A2	4.657	96.2760	07/25/2026	15,000,000.00	14,441,400.30	14,452,176.11	(10,775.81)
3137BTUM1	FHMS K-061 A2	4.501	97.3111	11/25/2026	8,863,395.57	8,625,064.18	8,654,241.49	(29,177.30)
3137BTUM1	FHMS K-061 A2	4.561	97.3111	11/25/2026	8,370,984.71	8,145,893.95	8,160,970.06	(15,076.11)
3137BYLD0	FHMS K-L01 A2E	4.184	96.7992	02/25/2027	15,000,000.00	14,519,880.75	14,692,870.46	(172,989.71)
3137BXQY1	FHMS K-064 A2	3.154	96.7760	03/25/2027	1,000,000.00	967,760.31	1,000,951.19	(33,190.88)
3137BXSW3	FHMS K-IR2 A2	4.545	96.4658	03/25/2027	15,000,000.00	14,469,864.30	14,482,326.66	(12,462.36)
3137F2LJ3	FHMS K-066 A2	3.111	96.2771	06/25/2027	11,095,000.00	10,681,941.14	11,088,899.48	(406,958.34)
3137FBBX3	FHMS K-068 A2	4.548	96.4395	08/25/2027	9,525,000.00	9,185,858.57	9,174,311.96	11,546.61
3132XGRH1	FH WN2287	4.594	96.7394	11/01/2027	24,744,598.00	23,937,767.22	24,599,615.67	(661,848.45)
3132XGQ74	FH WN2277	4.062	97.4921	11/01/2027	9,897,839.20	9,649,608.52	9,820,556.03	(170,947.51)
3132XGRH1	FH WN2287	4.073	96.7394	11/01/2027	24,744,598.00	23,937,767.22	24,544,847.75	(607,080.52)
3132XFLR7	FH WN1235	4.690	98.1327	01/01/2028	20,000,000.00	19,626,535.80	19,825,628.29	(199,092.49)
3132XFLR7	FH WN1235	4.333	98.1327	01/01/2028	10,000,000.00	9,813,267.90	9,965,384.62	(152,116.72)
3137FGZH1	FHMS K-W06 A2	5.290	97.5834	06/25/2028	25,000,000.00	24,395,839.25	23,773,304.46	622,534.79
3137FJYH6	FHMS K-W07 A2	5.264	96.3167	09/25/2028	16,627,402.00	16,014,963.74	15,667,508.90	347,454.84
3132XGX35	FH WN2497	4.611	100.0416	10/01/2028	28,340,000.00	28,351,800.49	28,207,813.30	143,987.20
3132XGYU4	FH WN2522	4.779	100.0637	12/01/2028	10,000,000.00	10,006,369.70	9,895,049.10	111,320.60
3132WW2J0	FH WA3276	4.668	100.7558	02/01/2029	14,769,551.10	14,881,180.70	14,733,374.94	147,805.75
3132XG2H8	FH WN2575	4.428	100.8773	02/01/2029	33,705,000.00	34,000,708.46	33,946,960.51	53,747.95
---	**---**	**4.454**	**97.9465**	**10/16/2027**	**350,425,845.99**	**343,171,307.12**	**344,720,743.70**	**(1,549,436.58)**

Agency MBS
FNMA

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
3136AMST7	FNA 2015-M03 A2	6.104	99.0260	10/25/2024	10,633,495.15	10,529,921.19	10,580,751.51	(50,830.32)
3138LAF46	FN AM9186	5.429	97.6585	06/01/2025	5,397,535.86	5,271,152.45	5,309,741.88	(38,589.43)
3140JAVC9	FN BM6010	4.860	98.4852	09/01/2025	15,315,800.37	15,083,796.78	15,113,930.87	(30,134.09)
3138LCHR9	FEDERAL NATIONAL MORTGAGE ASSOCIATION	2.939	97.2657	12/01/2025	13,819,708.65	13,441,835.39	13,814,802.30	(372,966.91)
3138LCH81	FN AN0254	3.738	97.2657	12/01/2025	7,227,707.78	7,030,080.06	7,174,765.86	(144,685.80)
3138LCW35	FN AN0665	5.458	97.2131	02/01/2026	14,675,447.80	14,266,452.46	14,257,549.16	8,903.30
3138LD5W9	FN AN1760	4.176	95.7702	06/01/2026	15,000,000.00	14,365,527.75	14,807,385.48	(441,857.73)
3138LENE7	FN AN2188	3.543	95.5572	07/01/2026	9,812,962.20	9,376,987.79	9,724,428.67	(347,440.88)
3140HV2G8	FN BL4374	4.291	94.1869	10/01/2026	21,300,000.00	20,061,801.61	20,230,938.76	(169,137.15)
3138LHUZ5	FN AN5099	3.076	96.1791	04/01/2027	23,662,655.75	22,758,519.87	23,649,973.73	(891,453.86)
3138LJ5T3	FN AN6257	4.582	96.0102	08/01/2027	15,085,747.07	14,483,852.31	14,599,780.94	(115,928.63)
3136AY6X6	FNA 2017-M15 A2	4.609	95.7901	09/25/2027	14,376,675.16	13,771,432.95	13,959,808.04	(188,375.10)
3138LKZ34	FN AN7061	6.197	94.6409	10/01/2027	12,800,000.00	12,114,032.77	12,125,448.22	(11,415.46)
3136BML55	FNA 2022-M11 A2	4.554	95.7113	10/25/2027	26,198,351.10	25,074,772.20	25,385,004.15	(310,231.95)
3140LHVX5	FN BS6929	4.280	98.9874	11/01/2027	31,100,000.00	30,785,093.53	31,031,866.78	(246,773.25)
3140LH4A5	FN BS7116	4.363	99.1229	11/01/2027	20,210,000.00	20,032,736.47	20,210,000.00	(177,263.53)
3140LHSB7	FN BS6813	4.363	99.4336	02/01/2028	19,478,000.00	19,367,676.22	19,465,053.58	(97,377.37)
3140LJS23	FN BS7736	4.416	98.6186	02/01/2028	20,000,000.00	19,723,717.60	19,808,932.05	(85,214.45)
3140LJS23	FN BS7736	4.071	98.6186	02/01/2028	15,000,000.00	14,792,788.20	15,000,000.00	(207,211.80)
3140LJS23	FN BS7736	4.078	98.6186	02/01/2028	10,000,000.00	9,861,858.80	10,000,000.00	(138,141.20)
3140LBU27	FN BS1500	4.591	88.6616	03/01/2028	29,612,500.00	26,254,918.08	26,226,391.05	28,527.02
3140LKJC8	FN BS8358	4.074	98.7094	04/01/2028	24,459,000.00	24,143,321.63	24,459,000.00	(315,678.37)
3140LKJP9	FN BS8369	4.649	99.1362	05/01/2028	16,850,000.00	16,704,444.48	16,684,933.89	19,510.59
3140LKJM6	FN BS8367	4.651	99.1237	05/01/2028	14,563,000.00	14,435,388.22	14,331,911.28	103,476.94
3140LKYQ0	FN BS8818	4.526	97.9746	06/01/2028	25,000,000.00	24,493,649.50	24,505,049.28	(11,399.78)
3140LKU84	FN BS8706	4.510	98.5354	06/01/2028	25,000,000.00	24,633,838.00	24,592,590.34	41,247.66
3140LKKW2	FN BS8408	4.658	99.8474	06/01/2028	12,003,000.00	11,984,686.90	11,891,207.12	93,479.78
3136BQDE6	FNA 2023-M6 A2	4.724	98.7767	07/25/2028	25,000,000.00	24,694,175.50	24,556,045.53	138,129.97
3140LLMH1	FN BS9359	5.051	101.3454	08/01/2028	15,874,000.00	16,087,567.37	15,730,176.56	357,390.81
3140LLFK2	FN BS9169	5.040	101.0188	08/01/2028	17,532,000.00	17,710,614.09	17,318,040.91	392,573.18
3140LLB83	FN BS9062	5.049	100.1306	09/01/2028	20,000,000.00	20,026,114.00	19,568,575.81	457,538.19
3140LLKK6	FN BS9297	5.110	99.9323	10/01/2028	21,050,000.00	21,035,745.36	20,505,153.17	530,592.19
3140LLZT1	FN BS9753	5.092	102.3938	10/01/2028	20,000,000.00	20,478,756.80	19,955,029.89	523,726.91
3140NUNR6	FN BZ0399	4.670	100.7382	02/01/2029	15,000,000.00	15,110,724.60	14,942,360.10	168,364.50
3140NURK7	FN BZ0489	4.552	100.7258	02/01/2029	25,000,000.00	25,181,437.75	25,000,000.00	181,437.75
3140NURK7	FN BZ0489	4.636	100.7258	02/01/2029	16,000,000.00	16,116,120.16	15,944,031.07	172,089.09

3140NUPT0	FN BZ0433	4.580	99.2776	03/01/2029	25,000,000.00	24,819,406.75	24,638,342.21	181,064.54
3140NUPT0	FN BZ0433	4.612	99.2776	03/01/2029	25,681,000.00	25,495,487.39	25,264,715.56	230,771.83
3140NU6F1	FN BZ0869	4.623	100.9197	04/01/2029	32,230,000.00	32,526,406.10	32,191,797.50	334,608.60
3140NU4W6	FN BZ0836	4.606	100.9496	05/01/2029	16,365,000.00	16,520,398.11	16,365,000.00	155,398.11
3140NVE37	FN BZ1053	4.596	100.9482	06/01/2029	15,770,000.00	15,919,530.19	15,770,000.00	149,530.19
3140NVFJ1	FN BZ1068	4.555	100.8297	06/01/2029	10,000,000.00	10,082,969.00	10,000,000.00	82,969.00
3140NVFJ1	FN BZ1068	4.555	100.8297	06/01/2029	15,000,000.00	15,124,453.50	15,000,000.00	124,453.50
---	**---**	**4.551**	**98.4843**	**02/20/2028**	**784,083,586.89**	**771,774,189.87**	**771,690,513.27**	**83,676.60**

CD

CD

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
06367DGG4	Bank of Montreal - Chicago Branch	5.280	100.0000	08/21/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DGX7	Bank of Montreal - Chicago Branch	5.390	100.0000	08/28/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
21684XN36	COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH	5.540	100.0000	09/09/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
21684XR40	COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH	5.410	100.0000	10/01/2024	30,000,000.00	30,000,000.00	30,000,000.00	0.00
78015JJT5	Royal Bank of Canada New York Branch	5.250	100.0000	10/02/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JJT5	Royal Bank of Canada New York Branch	5.250	100.0000	10/02/2024	10,000,000.00	10,000,000.00	10,000,000.00	0.00
21684XR57	COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH	5.410	100.0000	10/02/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DJ89	Bank of Montreal - Chicago Branch	5.470	100.0000	10/07/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
78015JDK0	Royal Bank of Canada New York Branch	5.880	100.0000	10/22/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
86959TAY2	Svenska Handels AB Publ - New York Branch	5.200	100.0000	10/25/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BPR5	Toronto-Dominion Bank - New York Branch	5.250	100.0000	10/28/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06051WNX8	Bank of America, National Association	5.390	100.0000	10/30/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
86959TBG0	Svenska Handels AB Publ - New York Branch	5.200	100.0000	10/31/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BNM8	Toronto-Dominion Bank - New York Branch	5.460	100.0000	11/08/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
86959TBH8	Svenska Handels AB Publ - New York Branch	5.280	100.0000	11/08/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JHX8	Royal Bank of Canada New York Branch	5.470	100.0000	11/12/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DHA6	Bank of Montreal - Chicago Branch	5.400	100.0000	11/13/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BL99	Toronto-Dominion Bank - New York Branch	5.680	100.0000	11/21/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
78015JHP5	Royal Bank of Canada New York Branch	5.460	100.0000	11/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BPV6	Toronto-Dominion Bank - New York Branch	5.210	100.0000	11/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115D4N3	Toronto-Dominion Bank - New York Branch	5.140	100.0000	11/27/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
06367DGW9	Bank of Montreal - Chicago Branch	5.360	100.0000	11/29/2024	90,000,000.00	90,000,000.00	90,000,000.00	0.00
89115BPD6	Toronto-Dominion Bank - New York Branch	5.490	100.0000	12/09/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JJ32	Royal Bank of Canada New York Branch	5.460	100.0000	12/11/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JJP3	Royal Bank of Canada New York Branch	5.230	100.0000	12/18/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06418NAD4	Bank of Nova Scotia, Houston Branch	5.340	100.0000	12/23/2024	100,000,000.00	100,000,000.00	100,000,000.00	0.00
06051WNR1	Bank of America, National Association	5.430	100.0000	12/23/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
86959TCV6	Svenska Handels AB Publ - New York Branch	5.340	100.0000	12/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06418NAF9	Bank of Nova Scotia, Houston Branch	5.380	100.0000	12/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
86959TDB9	Svenska Handels AB Publ - New York Branch	5.400	100.0000	01/03/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06418NAN2	Bank of Nova Scotia, Houston Branch	5.390	100.0000	01/03/2025	100,000,000.00	100,000,000.00	100,000,000.00	0.00
06051WNN0	Bank of America, National Association	5.422	100.0000	01/03/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06418NAW2	Bank of Nova Scotia, Houston Branch	5.450	100.0000	01/06/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JKP1	Royal Bank of Canada New York Branch	5.230	100.0000	01/08/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DJU0	Bank of Montreal - Chicago Branch	5.490	100.0000	01/08/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06051WPC2	Bank of America, National Association	5.390	100.0000	01/09/2025	25,000,000.00	25,000,000.00	25,000,000.00	0.00
78015JMP9	Royal Bank of Canada New York Branch	5.420	100.0000	01/10/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DJE6	Bank of Montreal - Chicago Branch	5.500	100.0000	01/14/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06367DK38	Bank of Montreal - Chicago Branch	5.550	100.0000	01/16/2025	100,000,000.00	100,000,000.00	100,000,000.00	0.00
86959TDS2	Svenska Handels AB Publ - New York Branch	5.480	100.0000	01/21/2025	40,000,000.00	40,000,000.00	40,000,000.00	0.00
89115DPA8	Toronto-Dominion Bank - New York Branch	5.530	100.0000	01/21/2025	30,000,000.00	30,000,000.00	30,000,000.00	0.00
06418NBD3	Bank of Nova Scotia, Houston Branch	5.460	100.0000	01/21/2025	40,000,000.00	40,000,000.00	40,000,000.00	0.00
06051WNQ3	Bank of America, National Association	5.410	100.0000	01/22/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
06051WNQ3	Bank of America, National Association	5.410	100.0000	01/22/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BPZ7	Toronto-Dominion Bank - New York Branch	5.120	100.0000	01/24/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115DGJ9	Toronto-Dominion Bank - New York Branch	5.360	100.0000	01/27/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JLP0	Royal Bank of Canada New York Branch	5.280	100.0000	01/27/2025	30,000,000.00	30,000,000.00	30,000,000.00	0.00
78015JL39	Royal Bank of Canada New York Branch	5.290	100.0000	01/31/2025	25,000,000.00	25,000,000.00	25,000,000.00	0.00
06051WNV2	Bank of America, National Association	5.400	100.0000	01/31/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
78015JMB0	Royal Bank of Canada New York Branch	5.340	100.0000	02/05/2025	25,000,000.00	25,000,000.00	25,000,000.00	0.00
78015JMF1	Royal Bank of Canada New York Branch	5.320	100.0000	02/18/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
89115BRM4	Toronto-Dominion Bank - New York Branch	5.470	100.0000	02/27/2025	25,000,000.00	25,000,000.00	25,000,000.00	0.00
78015JLF2	Royal Bank of Canada New York Branch	5.260	100.0000	03/26/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
---	**---**	**5.380**	**100.0000**	**12/14/2024**	**2,470,000,000.00**	**2,470,000,000.00**	**2,470,000,000.00**	**0.00**

CP

CP

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
63763PH10	National Securities Clearing Corporation	5.444	100.0000	08/01/2024	29,800,000.00	29,800,000.00	29,800,000.00	0.00
6698M4H21	Novartis Finance Corporation	5.396	99.9853	08/02/2024	43,000,000.00	42,993,657.50	42,993,657.50	0.00
6698M4H21	Novartis Finance Corporation	5.396	99.9853	08/02/2024	6,000,000.00	5,999,115.00	5,999,115.00	0.00
77119LH69	Roche Holdings, Inc.	5.385	99.9264	08/06/2024	40,000,000.00	39,970,555.56	39,970,555.56	0.00
7426M2H79	Private Export Funding Corporation	5.163	99.9163	08/07/2024	50,000,000.00	49,958,166.67	49,958,166.67	0.00
71344TH70	PepsiCo, Inc.	5.406	99.9113	08/07/2024	22,500,000.00	22,480,050.00	22,480,050.00	0.00
03785DH74	Apple Inc.	5.385	99.9118	08/07/2024	50,000,000.00	49,955,916.67	49,955,833.33	83.33
03785DH74	Apple Inc.	5.374	99.9118	08/07/2024	30,000,000.00	29,973,550.00	29,973,550.00	0.00
0556C2H97	BMW US Capital, LLC	5.397	99.8818	08/09/2024	30,000,000.00	29,964,533.33	29,964,533.33	0.00
7426M2HC8	Private Export Funding Corporation	5.412	99.8378	08/12/2024	25,000,000.00	24,959,437.50	24,959,437.50	0.00
0556C2HC0	BMW US Capital, LLC	5.399	99.8374	08/12/2024	50,000,000.00	49,918,722.22	49,918,722.22	0.00
63763PHE2	National Securities Clearing Corporation	5.435	99.8075	08/14/2024	25,000,000.00	24,951,881.94	24,951,881.94	(0.00)
63763PHE2	National Securities Clearing Corporation	5.434	99.8075	08/14/2024	20,000,000.00	19,961,505.56	19,961,505.56	0.00
47816FHF1	Johnson & Johnson	5.326	99.7978	08/15/2024	49,500,000.00	49,399,900.00	49,399,900.00	0.00
82619THG5	Siemens Capital Company LLC	5.419	99.7788	08/16/2024	25,000,000.00	24,944,687.50	24,944,687.50	0.00
63763PHK8	National Securities Clearing Corporation	5.441	99.7335	08/19/2024	25,000,000.00	24,933,375.00	24,933,375.00	0.00
63763PHM4	National Securities Clearing Corporation	5.438	99.7039	08/21/2024	75,000,000.00	74,777,916.67	74,777,916.67	0.00
82619THT7	Siemens Capital Company LLC	5.417	99.6158	08/27/2024	20,000,000.00	19,923,155.56	19,923,155.56	0.00
21687AJ38	COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH	5.470	99.5151	09/03/2024	25,000,000.00	24,878,770.83	24,878,770.83	0.00
63763PJ42	National Securities Clearing Corporation	5.422	99.4976	09/04/2024	50,000,000.00	49,748,777.78	49,748,777.78	0.00
89116EJ61	Toronto Dominion Holdings (U.S.A.), Inc.	5.481	99.4700	09/06/2024	50,000,000.00	49,735,000.00	49,735,000.00	0.00
63763PJ67	National Securities Clearing Corporation	5.426	99.4680	09/06/2024	50,000,000.00	49,734,000.00	49,734,000.00	0.00
63763PJA8	National Securities Clearing Corporation	5.427	99.4089	09/10/2024	36,140,000.00	35,926,372.45	35,926,372.45	0.00
89116EJD6	Toronto Dominion Holdings (U.S.A.), Inc.	5.321	99.3849	09/13/2024	50,000,000.00	49,692,430.56	49,692,430.56	0.00
89233GJP2	Toyota Motor Credit Corporation	5.436	99.2153	09/23/2024	25,000,000.00	24,803,826.39	24,803,826.39	0.00
89233GK70	Toyota Motor Credit Corporation	5.438	99.0080	10/07/2024	25,000,000.00	24,752,006.94	24,752,006.94	0.00
7426M4KH9	Private Export Funding Corporation	5.211	98.9156	10/17/2024	25,000,000.00	24,728,895.83	24,728,895.83	0.00
46651VEX0	J.P. Morgan Securities LLC	5.250	100.0000	10/31/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
7426M2L66	Private Export Funding Corporation	5.358	98.5935	11/06/2024	25,000,000.00	24,648,375.00	24,648,375.00	0.00
7426M2LL3	Private Export Funding Corporation	5.160	98.4583	11/20/2024	25,000,000.00	24,614,583.33	24,614,583.33	0.00
46651VFD3	J.P. Morgan Securities LLC	5.420	100.0000	11/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
63763PMC0	National Securities Clearing Corporation	5.243	98.1232	12/12/2024	25,000,000.00	24,530,805.56	24,530,805.56	0.00
46651VFH4	J.P. Morgan Securities LLC	5.430	100.0000	12/27/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
7426M2MT5	Private Export Funding Corporation	5.204	97.9280	12/27/2024	25,000,000.00	24,482,000.00	24,482,000.00	0.00
46651VFM3	J.P. Morgan Securities LLC	5.470	100.0000	01/03/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
7426M2N80	Private Export Funding Corporation	5.254	97.7289	01/08/2025	25,000,000.00	24,432,222.22	24,432,222.22	0.00
46651VFQ4	J.P. Morgan Securities LLC	5.520	100.0000	01/22/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
46651VFR2	J.P. Morgan Securities LLC	5.560	100.0000	01/23/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
7426M2NV9	Private Export Funding Corporation	5.267	97.4258	01/29/2025	50,000,000.00	48,712,888.89	48,712,888.89	0.00
7426M2NX5	Private Export Funding Corporation	5.262	97.4024	01/31/2025	50,000,000.00	48,701,208.34	48,701,208.34	0.00
7426M4P35	Private Export Funding Corporation	5.186	97.3960	02/03/2025	10,000,000.00	9,739,600.00	9,739,600.00	0.00
46651VFU5	J.P. Morgan Securities LLC	5.416	100.0000	02/10/2025	50,000,000.00	50,000,000.00	50,000,000.00	0.00
---	**---**	**5.381**	**99.4716**	**10/11/2024**	**1,536,940,000.00**	**1,528,727,890.79**	**1,528,727,807.45**	**83.33**

Corporate

CORP

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss

037833DF4	APPLE INC	5.294	98.9132	01/13/2025	25,000,000.00	24,728,300.00	24,721,562.50	6,737.50
771196BT8	ROCHE HOLDINGS INC	5.173	98.2667	03/10/2025	4,130,000.00	4,058,414.71	4,056,498.39	1,916.32
037833DT4	APPLE INC	5.290	97.0740	05/11/2025	25,096,000.00	24,361,691.04	24,315,989.56	45,701.48
037833DT4	APPLE INC	5.271	97.0740	05/11/2025	28,421,000.00	27,589,401.54	27,541,600.87	47,800.67
037833DT4	APPLE INC	5.192	97.0740	05/11/2025	10,000,000.00	9,707,400.00	9,695,067.50	12,332.50
037833DT4	APPLE INC	5.283	97.0740	05/11/2025	6,487,000.00	6,297,190.38	6,284,885.95	12,304.43
037833DT4	APPLE INC	5.230	97.0740	05/11/2025	44,549,000.00	43,245,496.26	43,177,794.84	67,701.42
037833BG4	APPLE INC	5.252	98.5966	05/13/2025	27,608,000.00	27,220,549.33	27,180,536.13	40,013.19
771196BJ0	ROCHE HOLDINGS INC	4.882	97.8220	11/10/2025	3,300,000.00	3,228,126.00	3,224,832.54	3,293.46
037833BY5	APPLE INC	4.412	97.8843	02/23/2026	10,000,000.00	9,788,430.00	9,828,627.45	(40,197.45)
037833BY5	APPLE INC	4.411	97.8843	02/23/2026	436,000.00	426,775.55	428,531.32	(1,755.77)
459058LE1	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4.764	100.5431	04/10/2026	20,000,000.00	20,108,620.00	19,995,604.93	113,015.07
459058LE1	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	4.764	100.5431	04/10/2026	50,000,000.00	50,271,550.00	49,989,012.33	282,537.67
037833BZ2	APPLE INC	4.875	96.0175	08/04/2026	34,000,000.00	32,645,950.00	32,445,629.15	200,320.85
037833BZ2	APPLE INC	5.028	96.0175	08/04/2026	16,000,000.00	15,362,800.00	15,223,917.55	138,882.45
594918BR4	MICROSOFT CORP	4.510	96.1212	08/08/2026	11,846,000.00	11,386,517.35	11,369,361.78	17,155.57
037833DN7	APPLE INC	5.003	95.0271	09/11/2026	10,557,000.00	10,032,010.95	9,942,841.73	89,169.22
594918CG7	MICROSOFT CORP	4.560	97.8256	09/15/2026	14,108,000.00	13,801,235.65	13,784,846.02	16,389.62
771196BL5	ROCHE HOLDINGS INC	4.335	94.8454	01/28/2027	3,000,000.00	2,845,362.00	2,863,826.19	(18,464.19)
771196BL5	ROCHE HOLDINGS INC	4.325	94.8454	01/28/2027	3,000,000.00	2,845,362.00	2,864,528.77	(19,166.77)
771196BL5	ROCHE HOLDINGS INC	4.903	94.8454	01/28/2027	5,000,000.00	4,742,270.00	4,707,616.81	34,653.19
037833CJ7	APPLE INC	4.528	97.4916	02/09/2027	4,700,000.00	4,582,105.20	4,571,156.06	10,949.14
037833CJ7	APPLE INC	4.797	97.4916	02/09/2027	5,000,000.00	4,874,580.00	4,830,288.01	44,291.99
931142EX7	WALMART INC	4.404	99.0827	09/09/2027	20,000,000.00	19,816,540.00	19,738,461.27	78,078.73
037833DB3	APPLE INC	4.444	95.7507	09/12/2027	4,296,000.00	4,113,450.07	4,105,159.70	8,290.38
---	**---**	**4.956**	**97.8405**	**01/18/2026**	**386,534,000.00**	**378,080,128.03**	**376,888,177.35**	**1,191,950.68**

MM Fund
MMFUND

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
949921126	ALLSPRING:GOVT MM SEL	5.250	1.0000	07/31/2024	1,000,000.00	1,000,000.00	1,000,000.00	0.00
31607A703	FIDELITY IMM:GOVT INSTL	5.260	1.0000	07/31/2024	49,000,000.00	49,000,000.00	49,000,000.00	0.00
31607A703	FIDELITY IMM:GOVT INSTL	5.260	1.0000	07/31/2024	30,000,000.00	30,000,000.00	30,000,000.00	0.00
665278404	NORTHERN INST:US GVT SHS	5.140	1.0000	07/31/2024	156,169.48	156,169.48	156,169.48	0.00
69347S	PNC BANK DEPOSIT	5.250	1.0000	07/31/2024	25,000,000.00	25,000,000.00	25,000,000.00	0.00
4812CA538	JPMORGAN:US GVT MM EMPWR	5.200	1.0000	07/31/2024	1,000,000.00	1,000,000.00	1,000,000.00	0.00
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Muni
MUNI

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
987388GU3	YOSEMITE CALIF CMNTY COLLEGE DIST	1.440	99.9890	08/01/2024	700,000.00	699,923.00	700,000.00	(77.00)
802498YY5	SANTA MONICA-MALIBU UNIFIED SCHOOL FACILITY IMPROV	0.396	99.9880	08/01/2024	1,000,000.00	999,880.00	1,000,000.00	(120.00)
93974EYA8	WASHINGTON ST	3.350	99.9890	08/01/2024	13,475,000.00	13,473,517.75	13,475,000.00	(1,482.25)
419792F84	HAWAII ST	0.713	99.9850	08/01/2024	9,000,000.00	8,998,650.00	9,000,000.00	(1,350.00)
93974ETF3	WASHINGTON ST	0.470	99.9880	08/01/2024	14,995,000.00	14,993,200.60	14,995,000.00	(1,799.40)
074437HA5	BEAUMONT CALIF UNI SCH DIST	0.690	99.9870	08/01/2024	275,000.00	274,964.25	275,000.00	(35.75)
757710US5	REDONDO BEACH CALIF UNI SCH DIST	1.571	99.9880	08/01/2024	500,000.00	499,940.00	500,000.00	(60.00)
826239FY6	SIERRA CALIF JT CMNTY COLLEGE DIST	0.344	99.9880	08/01/2024	500,000.00	499,940.00	500,000.00	(60.00)
826239GH2	SIERRA CALIF JT CMNTY COLLEGE DIST	0.354	99.9880	08/01/2024	720,000.00	719,913.60	720,000.00	(86.40)
882724XK8	TEXAS ST	0.794	99.3110	10/01/2024	5,810,000.00	5,769,969.10	5,810,000.00	(40,030.90)
419792D37	HAWAII ST	0.713	99.2520	10/01/2024	2,500,000.00	2,481,300.00	2,500,000.00	(18,700.00)
419792A71	HAWAII ST	0.713	99.2520	10/01/2024	10,000,000.00	9,925,200.00	10,000,000.00	(74,800.00)
419792F92	HAWAII ST	1.033	96.1350	08/01/2025	6,250,000.00	6,008,437.50	6,250,000.00	(241,562.50)
56781RKT3	MARIN CALIF CMNTY COLLEGE DIST	0.763	95.9850	08/01/2025	1,065,000.00	1,022,240.25	1,065,000.00	(42,759.75)
074437HB3	BEAUMONT CALIF UNI SCH DIST	1.109	95.9030	08/01/2025	500,000.00	479,515.00	500,000.00	(20,485.00)
7994082E8	SAN RAMON VALLEY CALIF UNI SCH DIST	0.967	96.2050	08/01/2025	4,505,000.00	4,334,035.25	4,505,000.00	(170,964.75)
802498YZ2	SANTA MONICA-MALIBU UNIFIED SCHOOL FACILITY IMPROV	0.669	95.8340	08/01/2025	1,000,000.00	958,340.00	1,000,000.00	(41,660.00)
93974EYB6	WASHINGTON ST	3.350	98.3760	08/01/2025	10,065,000.00	9,901,544.40	10,065,000.00	(163,455.60)
419792D45	HAWAII ST	1.033	95.5940	10/01/2025	3,660,000.00	3,498,740.40	3,660,000.00	(161,259.60)
419792A89	HAWAII ST	1.033	97.5150	10/01/2025	12,775,000.00	12,457,541.25	13,024,963.58	(567,422.33)
93974EYC4	WASHINGTON ST	3.370	97.7660	08/01/2026	20,825,000.00	20,359,769.50	20,825,000.00	(465,230.50)
13063EBN5	CALIFORNIA STATE	5.096	102.3470	09/01/2026	30,000,000.00	30,704,100.00	30,236,472.40	467,627.60
13063D3N6	CALIFORNIA STATE	4.847	100.9480	03/01/2027	9,300,000.00	9,388,164.00	9,300,000.00	88,164.00
419792M29	HAWAII ST	4.513	101.9270	10/01/2027	5,000,000.00	5,096,350.00	5,070,388.86	25,961.14
---	**---**	**2.612**	**99.4702**	**09/27/2025**	**164,420,000.00**	**163,545,175.85**	**164,976,824.84**	**(1,431,648.99)**

Mutual Fund
Open-End Fund

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
CLTRSF	CALTRUST	5.380	1.0086	---	93,213,169.12	94,017,200.84	94,017,200.84	(0.00)
CLTRSF	**CALTRUST**	**5.380**	**1.0086**	**---**	**93,213,169.12**	**94,017,200.84**	**94,017,200.84**	**(0.00)**

Non-US Gov
SUPRANATIONAL

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
45950VPQ3	INTERNATIONAL FINANCE CORP	0.273	99.6885	08/22/2024	25,000,000.00	24,922,119.50	24,999,674.93	(77,555.43)
45950VQG4	INTERNATIONAL FINANCE CORP	0.484	99.2800	09/23/2024	25,000,000.00	24,820,000.00	24,998,416.29	(178,416.29)
45950KCR9	INTERNATIONAL FINANCE CORP	5.358	99.1674	10/16/2024	25,000,000.00	24,791,850.00	24,800,382.72	(8,532.72)
45950VQL3	INTERNATIONAL FINANCE CORP	0.719	98.8627	10/29/2024	25,000,000.00	24,715,678.00	24,997,659.28	(281,981.28)
459058DX8	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.197	99.1102	11/25/2024	25,000,000.00	24,777,550.00	24,794,268.70	(16,718.70)
459515AH5	INTERNATIONAL FINANCE CORP	4.944	97.8174	01/08/2025	25,000,000.00	24,454,350.00	24,474,444.45	(20,094.45)
45950VRA6	INTERNATIONAL FINANCE CORP	1.099	97.9647	01/21/2025	25,000,000.00	24,491,180.00	24,993,173.13	(501,993.13)
459515AX0	INTERNATIONAL FINANCE CORP	4.953	97.6309	01/22/2025	50,000,000.00	48,815,450.00	48,856,916.67	(41,466.67)
45950VSY3	INTERNATIONAL FINANCE CORPORATION	4.644	99.9535	02/26/2026	25,000,000.00	24,988,377.50	25,000,000.00	(11,622.50)
45950VRX6	INTERNATIONAL FINANCE CORP	4.077	99.5445	02/01/2027	25,000,000.00	24,886,134.00	24,956,100.21	(69,966.21)
45950VSW7	INTERNATIONAL FINANCE CORP	4.430	100.5639	02/22/2027	50,000,000.00	50,281,939.00	50,000,000.00	281,939.00
45950VTK2	INTERNATIONAL FINANCE CORP	4.841	101.5962	03/23/2027	15,000,000.00	15,239,423.10	15,000,000.00	239,423.10
45906M4Z1	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.274	100.1880	02/28/2028	25,000,000.00	25,047,005.00	25,000,000.00	47,005.00
45906M5B3	INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPM	5.250	99.8300	03/14/2028	25,000,000.00	24,957,500.00	25,000,000.00	(42,500.00)
45950VTB2	INTERNATIONAL FINANCE CORPORATION	4.476	101.3635	03/15/2028	40,000,000.00	40,545,395.60	40,000,000.00	545,395.60
---	**---**	**3.840**	**99.4803**	**02/19/2026**	**430,000,000.00**	**427,733,951.70**	**427,871,036.37**	**(137,084.67)**

Repo
REPO

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
RP08012024539	JEFF Repo	5.390	100.0000	08/01/2024	475,000,000.00	475,000,000.00	475,000,000.00	0.00
RP08022024539	{"Lender_id":"YU8"Account_ID":"JEF115"	5.390	100.0000	08/02/2024	176,000,000.00	176,000,000.00	176,000,000.00	0.00
RP08062024535	RIVCO_JEFFERIES REPO	5.350	100.0000	08/06/2024	50,000,000.00	50,000,000.00	50,000,000.00	0.00
---	**---**	**5.387**	**100.0000**	**08/02/2024**	**701,000,000.00**	**701,000,000.00**	**701,000,000.00**	**0.00**

US Gov
T-BILL

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
912797KY2	UNITED STATES TREASURY	5.367	99.7208	08/20/2024	50,000,000.00	49,860,403.00	49,861,458.28	(1,055.28)
912797KD8	UNITED STATES TREASURY	5.335	99.5905	08/29/2024	20,000,000.00	19,918,100.00	19,920,262.22	(2,162.22)
912797KD8	UNITED STATES TREASURY	5.338	99.5905	08/29/2024	20,000,000.00	19,918,100.00	19,920,231.11	(2,131.11)
912797HE0	UNITED STATES TREASURY	5.334	98.7058	10/31/2024	25,000,000.00	24,676,444.50	24,677,051.11	(606.61)
912797LC9	UNITED STATES TREASURY	5.370	98.6062	11/07/2024	25,000,000.00	24,651,555.50	24,648,016.66	3,538.84
912797LD7	UNITED STATES TREASURY	5.381	98.5140	11/14/2024	25,000,000.00	24,628,489.50	24,622,444.79	6,044.71
912797KA4	UNITED STATES TREASURY	5.101	97.2736	02/20/2025	10,000,000.00	9,727,359.70	9,726,254.50	1,105.20

912797KA4	UNITED STATES TREASURY	5.206	97.2736	02/20/2025	25,000,000.00	24,318,399.25	24,302,004.23	16,395.02
912797KA4	UNITED STATES TREASURY	5.077	97.2736	02/20/2025	25,000,000.00	24,318,399.25	24,319,104.17	(704.92)
912797KA4	UNITED STATES TREASURY	5.093	97.2736	02/20/2025	10,000,000.00	9,727,359.70	9,726,863.50	496.20
912797KA4	UNITED STATES TREASURY	5.107	97.2736	02/20/2025	10,000,000.00	9,727,359.70	9,725,950.00	1,409.70
912797KS5	UNITED STATES TREASURY	5.153	96.6402	04/17/2025	80,000,000.00	77,312,155.20	77,165,100.84	147,054.36
912797KS5	UNITED STATES TREASURY	5.126	96.6402	04/17/2025	50,000,000.00	48,320,097.00	48,237,505.00	82,592.00
---	**UNITED STATES TREASURY**	**5.235**	**97.9104**	**01/05/2025**	**375,000,000.00**	**367,104,222.30**	**366,852,246.42**	**251,975.88**

US Gov

US GOV

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
91282CCX7	UNITED STATES TREASURY	0.439	99.3906	09/15/2024	25,000,000.00	24,847,656.25	24,998,035.29	(150,379.04)
91282CCX7	UNITED STATES TREASURY	0.438	99.3906	09/15/2024	25,000,000.00	24,847,656.25	24,998,073.63	(150,417.38)
91282CFN6	UNITED STATES TREASURY	5.439	99.7969	09/30/2024	25,000,000.00	24,949,218.75	24,952,915.74	(3,696.99)
91282CDB4	UNITED STATES TREASURY	5.362	99.0625	10/15/2024	25,000,000.00	24,765,625.00	24,765,943.44	(318.44)
91282CFQ9	UNITED STATES TREASURY	5.313	99.7656	10/31/2024	15,000,000.00	14,964,843.75	14,966,140.81	(1,297.06)
912828YM6	UNITED STATES TREASURY	5.331	99.0625	10/31/2024	10,000,000.00	9,906,250.00	9,908,232.10	(1,982.10)
912828G38	UNITED STATES TREASURY	4.921	99.1406	11/15/2024	50,000,000.00	49,570,312.50	49,625,651.04	(55,338.54)
912828YV6	UNITED STATES TREASURY	1.747	98.7656	11/30/2024	25,000,000.00	24,691,406.25	24,980,191.81	(288,785.56)
91282CGG0	UNITED STATES TREASURY	4.754	99.5156	01/31/2025	15,000,000.00	14,927,343.75	14,954,421.41	(27,077.66)
91282CDZ1	UNITED STATES TREASURY	5.193	98.1094	02/15/2025	50,000,000.00	49,054,687.50	49,035,635.32	19,052.18
91282CDZ1	UNITED STATES TREASURY	5.193	98.1094	02/15/2025	50,000,000.00	49,054,687.50	49,035,635.32	19,052.18
912828ZC7	UNITED STATES TREASURY	0.540	97.7813	02/28/2025	10,000,000.00	9,778,125.00	10,033,445.37	(255,320.37)
912828ZF0	UNITED STATES TREASURY	0.647	97.1250	03/31/2025	25,000,000.00	24,281,250.00	24,976,042.35	(694,792.35)
912828ZF0	UNITED STATES TREASURY	0.619	97.1250	03/31/2025	25,000,000.00	24,281,250.00	24,980,481.36	(699,231.36)
91282CEH0	UNITED STATES TREASURY	2.647	98.4219	04/15/2025	10,000,000.00	9,842,187.50	9,998,530.42	(156,342.92)
912828ZL7	UNITED STATES TREASURY	5.052	96.6875	04/30/2025	50,000,000.00	48,343,750.00	48,323,885.66	19,864.34
91282CGX3	UNITED STATES TREASURY	5.160	99.2188	04/30/2025	25,000,000.00	24,804,687.50	24,769,457.55	35,229.95
912828ZL7	UNITED STATES TREASURY	0.445	96.6875	04/30/2025	15,000,000.00	14,503,125.00	14,992,265.93	(489,140.93)
9128284M9	UNITED STATES TREASURY	4.987	98.5000	04/30/2025	50,000,000.00	49,250,000.00	49,241,847.83	8,152.17
9128284R8	UNITED STATES TREASURY	2.799	98.3906	05/31/2025	15,000,000.00	14,758,593.75	15,008,971.39	(250,377.64)
91282CAB7	UNITED STATES TREASURY	0.675	95.6875	07/31/2025	25,000,000.00	23,921,875.00	24,895,665.06	(973,790.06)
91282CAM3	UNITED STATES TREASURY	0.950	95.0469	09/30/2025	25,000,000.00	23,761,718.75	24,800,539.48	(1,038,820.73)
91282CAM3	UNITED STATES TREASURY	0.815	95.0469	09/30/2025	25,000,000.00	23,761,718.75	24,838,643.27	(1,076,924.52)
91282CBC4	UNITED STATES TREASURY	0.700	94.3594	12/31/2025	25,000,000.00	23,589,843.75	24,886,885.91	(1,297,042.16)
91282CBH3	UNITED STATES TREASURY	0.593	94.0781	01/31/2026	10,000,000.00	9,407,812.50	9,967,806.11	(559,993.61)
91282CBH3	UNITED STATES TREASURY	2.447	94.0781	01/31/2026	15,000,000.00	14,111,718.75	14,557,755.99	(446,037.24)
91282CBH3	UNITED STATES TREASURY	0.586	94.0781	01/31/2026	10,000,000.00	9,407,812.50	9,968,842.88	(561,030.38)
912828P46	UNITED STATES TREASURY	0.799	95.8281	02/15/2026	10,000,000.00	9,582,812.50	10,124,634.78	(541,822.28)
912828P46	UNITED STATES TREASURY	0.670	95.8281	02/15/2026	10,000,000.00	9,582,812.50	10,144,640.30	(561,827.80)
91282CBQ3	UNITED STATES TREASURY	0.591	94.0156	02/28/2026	20,000,000.00	18,803,125.00	19,971,738.45	(1,168,613.45)
91282CBT7	UNITED STATES TREASURY	0.715	94.1719	03/31/2026	25,000,000.00	23,542,968.75	25,014,309.56	(1,471,340.81)
91282CCJ8	UNITED STATES TREASURY	0.882	93.7656	06/30/2026	20,000,000.00	18,753,125.00	19,997,386.53	(1,244,261.53)
91282CCJ8	UNITED STATES TREASURY	0.906	93.7656	06/30/2026	35,000,000.00	32,817,968.75	34,979,606.80	(2,161,638.05)
91282CCW9	UNITED STATES TREASURY	0.902	93.0781	08/31/2026	25,000,000.00	23,269,531.25	24,922,980.54	(1,653,449.29)
91282CCW9	UNITED STATES TREASURY	0.832	93.0781	08/31/2026	25,000,000.00	23,269,531.25	24,958,552.22	(1,689,020.97)
91282CCZ2	UNITED STATES TREASURY	2.540	93.1719	09/30/2026	15,000,000.00	13,975,781.25	14,492,649.36	(516,868.11)
91282CCZ2	UNITED STATES TREASURY	0.982	93.1719	09/30/2026	20,000,000.00	18,634,375.00	19,954,933.49	(1,320,558.49)
91282CDG3	UNITED STATES TREASURY	2.884	93.4375	10/31/2026	10,000,000.00	9,343,750.00	9,632,014.97	(288,264.97)
912810EY0	UNITED STATES TREASURY	4.205	104.9531	11/15/2026	25,000,000.00	26,238,281.25	26,194,048.71	44,232.54
91282CDK4	UNITED STATES TREASURY	4.099	93.5313	11/30/2026	25,000,000.00	23,382,812.50	23,484,414.22	(101,601.72)
912810EZ7	UNITED STATES TREASURY	3.048	105.9688	02/15/2027	15,000,000.00	15,895,312.50	16,263,264.23	(367,951.73)
91282CEF4	UNITED STATES TREASURY	2.503	95.9375	03/31/2027	25,000,000.00	23,984,375.00	24,997,920.66	(1,013,545.66)
91282CEF4	UNITED STATES TREASURY	2.502	95.9375	03/31/2027	25,000,000.00	23,984,375.00	24,998,960.33	(1,014,585.33)
912828ZS2	UNITED STATES TREASURY	2.845	90.4844	05/31/2027	20,000,000.00	18,096,875.00	18,771,774.46	(674,899.46)
91282CEW7	UNITED STATES TREASURY	3.109	97.7813	06/30/2027	15,000,000.00	14,667,187.50	15,056,559.00	(389,371.50)
91282CEW7	UNITED STATES TREASURY	3.213	97.7813	06/30/2027	15,000,000.00	14,667,187.50	15,014,779.53	(347,592.03)
912810FA1	UNITED STATES TREASURY	3.247	106.5156	08/15/2027	15,000,000.00	15,977,343.75	16,306,064.39	(328,720.64)
912810FA1	UNITED STATES TREASURY	3.483	106.5156	08/15/2027	15,000,000.00	15,977,343.75	16,200,413.53	(223,069.78)
91282CFH9	UNITED STATES TREASURY	3.269	97.3125	08/31/2027	5,000,000.00	4,865,625.00	4,979,663.86	(114,038.86)
912810FB9	UNITED STATES TREASURY	4.003	106.3438	11/15/2027	15,000,000.00	15,951,562.50	15,940,343.41	11,219.09
91282CFZ9	UNITED STATES TREASURY	4.048	99.5156	11/30/2027	25,000,000.00	24,878,906.25	24,869,111.76	9,794.49
91282CFZ9	UNITED STATES TREASURY	3.840	99.5156	11/30/2027	15,000,000.00	14,927,343.75	15,015,411.81	(88,068.06)
91282CHK0	UNITED STATES TREASURY	4.125	100.0625	06/30/2028	25,000,000.00	25,015,625.00	24,890,773.06	124,851.94
9128284V9	UNITED STATES TREASURY	4.146	95.8750	08/15/2028	20,000,000.00	19,175,000.00	19,063,769.47	111,230.53
91282CLC3	UNITED STATES TREASURY	4.081	100.3438	07/31/2029	10,000,000.00	10,034,375.00	9,963,691.77	70,683.23
---	**UNITED STATES TREASURY**	**2.902**	**97.4490**	**02/02/2026**	**1,200,000,000.00**	**1,168,680,468.75**	**1,194,666,353.68**	**(25,985,884.93)**

Summary

Cusip	Description	Yield	Market Price	Final Maturity	Par Value	Market Value	Book Value	Net Unrealized Gain/Loss
---	**---**	**4.292**	**97.3233**	**11/30/2025**	**14,167,270,178.35**	**13,985,688,912.44**	**14,094,249,641.03**	**(108,560,728.59)**

COUNTY OF RIVERSIDE

TREASURER-TAX COLLECTOR

CAPITAL MARKETS

COUNTY ADMINISTRATIVE CENTER

4080 LEMON STREET,

4TH FLOOR,

RIVERSIDE, CA 92502-2205