

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 14, 2025

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's: "Aa3"
See "RATING" herein.

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

\$60,000,000*
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2024,
Series 2025

\$22,455,000*
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2025 General Obligation Refunding Bonds

Dated: Date of Delivery

Due: August 1, as shown on inside front cover

Authority and Purpose. The above-captioned General Obligation Bonds, Election of 2024, Series 2025 (the "Series 2025 Bonds") and the 2025 General Obligation Refunding Bonds (the "Refunding Bonds" and, together with the Series 2025 Bonds, the "Bonds") are being issued by the San Jacinto Unified School District (the "District") pursuant to certain provisions of the California Government Code and resolutions of the Board of Trustees of the District adopted on October 9, 2025. The Series 2025 Bonds were authorized at an election of the registered voters of the District held on November 5, 2024, which authorized the issuance of \$78,000,000 principal amount of general obligation bonds for the purpose of financing the renovation, construction and improvement of school facilities of the District. The Series 2025 Bonds are the first series of bonds to be issued under the 2024 Authorization (as defined herein). The Refunding Bonds are being issued to refund certain outstanding general obligation bonds of the District. See "THE BONDS – Authority for Issuance" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Riverside County (the "County"). The County is empowered and obligated to annually levy *ad valorem* property taxes for the payment of interest on, and principal of, the 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. See "SECURITY FOR THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and APPENDIX F.

Payments. The Bonds are dated the date of delivery set forth below and accrue interest at the rates set forth on the inside cover pages hereof, payable semiannually on each February 1 and August 1 until maturity, commencing February 1, 2026. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, the designated paying agent, registrar and transfer agent, to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Series 2025 Bonds are subject to redemption prior to maturity as described herein. The Series 2025 Bonds may be subject to mandatory sinking fund redemption as determined at the time of sale. The Refunding Bonds are not subject to redemption prior to maturity. See "THE BONDS – Redemption."

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Refunding Bonds, and will decide prior to the sale of the Refunding Bonds whether to purchase such insurance.

MATURITY SCHEDULES

(See inside cover)

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

The Bonds will be sold and awarded through two separate competitive bidding processes both to be held on October 21, 2025, as set forth in the two separate Official Notices of Sale for the Bonds. The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall LLP, Bond Counsel. Certain legal matters also will be passed upon for the District by Jones Hall LLP, as Disclosure Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC, on or about November 4, 2025.*

The date of this Official Statement is _____, 2025.

**Preliminary; subject to change.*

MATURITY SCHEDULES*

SAN JACINTO UNIFIED SCHOOL DISTRICT (Riverside County, California) General Obligation Bonds, Election of 2024, Series 2025

Base CUSIP[†]: 797848

\$_____ Serial Bonds

<u>Maturity Date (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2026	\$2,745,000				
2027	990,000				
2028	460,000				
2034	150,000				
2035	275,000				
2036	410,000				
2037	560,000				
2038	720,000				
2039	890,000				
2040	1,080,000				
2041	1,280,000				
2042	1,500,000				
2043	1,735,000				
2044	1,990,000				
2045	2,265,000				
2046	2,560,000				
2047	2,875,000				
2048	3,215,000				
2049	3,580,000				
2050	3,970,000				
2051	4,390,000				
2052	4,835,000				
2053	5,315,000				
2054	5,830,000				
2055	6,380,000				

\$_____ – _____% Term Bonds maturing August 1, 20____; Yield: _____%; Price: _____;
CUSIP[†]: _____

\$_____ – _____% Term Bonds maturing August 1, 20____; Yield: _____%; Price: _____;
CUSIP[†]: _____

*Preliminary; subject to change.

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MATURITY SCHEDULES*

SAN JACINTO UNIFIED SCHOOL DISTRICT (Riverside County, California) 2025 General Obligation Refunding Bonds

Base CUSIP[†]: 797848

Maturity Date (August 1)	Principal Amount	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
2026	\$3,520,000				
2027	3,260,000				
2028	3,590,000				
2029	3,940,000				
2030	4,320,000				
2031	1,925,000				
2032	1,900,000				

*Preliminary; subject to change.

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SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)

BOARD OF TRUSTEES

Sandra Peñaloza, *President-Trustee Area 2*
Nalaisha Burnett, *Vice President-Trustee Area 5*
Jasmin Rubio, *Clerk-Trustee Area 4*
William Fishburn, *Member-Trustee Area 3*
Benjamin Uribe, *Member-Trustee Area 1*

DISTRICT ADMINISTRATION

David Pyle, Ed. D., *Superintendent*
Trieste Huey, *Assistant Superintendent, Business Services*
Luke Smith, *Executive Director of Business Services*

PROFESSIONAL SERVICES

MUNICIPAL ADVISOR

Fieldman, Rolapp & Associates, Inc.
Irvine, California

BOND AND DISCLOSURE COUNSEL

Jones Hall LLP
San Mateo, California

BOND REGISTRAR, TRANSFER AGENT, PAYING AGENT AND ESCROW BANK

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

VERIFICATION AGENT

Causey Public Finance, LLC
Denver, Colorado

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

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

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

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

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

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

Involvement of Purchaser. The Purchaser has provided the following statement for inclusion in this Official Statement: The Purchaser has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Purchaser does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Purchaser may overallocate or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

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

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

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

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

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\$60,000,000*
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2024,
Series 2025

\$22,455,000*
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2025 General Obligation Refunding Bonds

The purpose of this Official Statement, which includes the cover page, inside cover pages and attached appendices, is to set forth certain information concerning the sale and delivery of (i) General Obligation Bonds, Election of 2024, Series 2025 (the “**Series 2025 Bonds**”) and (ii) 2025 General Obligation Refunding Bonds (the “**Refunding Bonds**” and, together with the Series 2025 Bonds, the “**Bonds**”) by San Jacinto Unified School District (the “**District**”).

INTRODUCTION

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

The District. The District was established in 1868 and unified in 1944. The District covers approximately 100 square miles, which includes nearly all of the City of San Jacinto and portions of the Cities of Hemet, Moreno Valley and Beaumont, as well as certain unincorporated areas of Riverside County (the “**County**”), in the State of California (the “**State**”). The District operates seven elementary schools, three middle schools, one comprehensive high school, one alternative high school, one adult education school, two Head Start preschools (San Jacinto Elem/Hyatt), one delegate State preschool (De Anza), and one direct State preschool (Hyatt World Language Academy). Enrollment in the District is budgeted for approximately 10,270 students in fiscal year 2025-26.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See APPENDIX C hereto for demographic and other statistical information regarding the City of San Jacinto and the County.

Purpose of Issue. The net proceeds of the Series 2025 Bonds will be used to finance construction of and improvements to facilities of the District, as approved by voters in the District at an election held on November 5, 2024 (the “**Bond Election**”), which authorized a total of \$78,000,000 principal amount of general obligation bonds (the “**2024 Authorization**”), and to pay costs of issuance.

The net proceeds of the Refunding Bonds will be used to refund the District’s outstanding General Obligation Refunding Bonds, Series 2014 (the “**Refunded Bonds**”), and to pay costs of issuance.

See “THE FINANCING PLAN” herein.

Authority for Issuance of the Bonds. Issuance of the Series 2025 Bonds was approved by more than the requisite 55% of the voters of the District voting at the Bond Election to authorize \$78,000,000 of general obligation bonds, and will be issued pursuant to certain provisions of the California Government Code and a resolution adopted by the Board of Trustees of the District on

October 9, 2025 (the “**Series 2025 Bond Resolution**”). See “THE BONDS – Authority for Issuance” herein.

The Refunding Bonds will be issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the “**Refunding Law**”) and under a resolution adopted by the Board of Trustees of the District on October 9, 2025 (the “**Refunding Bond Resolution**” and, together with the Series 2025 Bond Resolution, the “**Bond Resolutions**”). See “THE BONDS - Authority for Issuance.”

Description of the Bonds. The Bonds will be issued as current interest bonds, will be dated their date of delivery (the “**Dated Date**”) and will be issued as fully registered bonds, without coupons, in the denominations of \$5,000 or any integral multiple thereof. The Bonds will mature on August 1 in the years indicated on the inside cover pages hereof. The Bonds will accrue interest from the Dated Date, which is payable semiannually on February 1 and August 1 of each year, commencing February 1, 2026. See “THE BONDS – Description of the Bonds” herein.

Payment and Registration of the Bonds. The Bonds will be issued in fully registered form only, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“**DTC**”), and will be available to actual purchasers of the 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 Bonds. See APPENDIX F.

If the book-entry-only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Bond Resolutions. See “THE BONDS - Registration, Transfer and Exchange of Bonds” herein.

Security and Sources of Payment for the Bonds. The Bonds are general obligations 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* property taxes for the payment of interest on, and principal of, the 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 BONDS.”

Following the issuance of the Series 2025 Bonds, there will be \$18,000,000* of unissued general obligation bonds remaining for issuance under the 2024 Authorization. See “FINANCIAL INFORMATION - Existing Debt Obligations” in APPENDIX A.

Redemption*. The Series 2025 Bonds are subject to redemption prior to maturity as described herein. The Series 2025 Bonds may be subject to mandatory sinking fund redemption as determined at the time of the sale. The Refunding Bonds are not subject to redemption prior to maturity. See “THE BONDS – Redemption.”

Legal Matters. Issuance of the Bonds is subject to the approving opinions of Jones Hall LLP, Bond Counsel, to be delivered in substantially the forms attached hereto as APPENDIX D. Jones Hall LLP will serve as Disclosure Counsel to the District. Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds.

* Preliminary; subject to change.

Bond Insurance. The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Refunding Bonds and, if a commitment is issued to insure the Refunding Bonds, will determine prior to the sale of the Refunding Bonds whether to obtain such insurance. See “BOND INSURANCE.”

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See “TAX MATTERS” and APPENDIX D hereto for the forms of Bond Counsel’s opinions to be delivered concurrently with the 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 E. See “CONTINUING DISCLOSURE” for additional information.

Cyber Risks. The District, like other governmental and business entities, faces significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, vendors and contractors. As the custodian of such information, the District may face cybersecurity threats, attacks or incidents from time to time. No assurance can be given that future cyber threats or attacks against the District or third-party entities or service providers will not directly or indirectly impact the District or the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the District’s continuing disclosure undertakings, described in more detail herein. See APPENDIX A “FINANCIAL INFORMATION – Disclaimer Regarding Cyber Risks.”

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 are available from the District, which may impose a charge for copying, mailing and handling.

THE FINANCING PLAN

The Series 2025 Bonds

The Series 2025 Bonds are the first series of bonds issued pursuant to the 2024 Authorization. Following the issuance of the Series 2025 Bonds, there will be \$18,000,000* of unissued general obligation bonds for issuance remaining under the 2024 Authorization.

Proceeds of the Series 2025 Bonds will be used for the purposes specified in the ballot measure approved by voters in the District on November 5, 2024, the abbreviated text of which appeared on the ballot as follows:

“To improve student safety/security; build classrooms/schools to relieve overcrowding; fix roofs, plumbing/electrical/ventilation systems; and repair/upgrade classrooms, science labs, and school facilities that support instruction in science, technology, engineering, arts, and math; shall San Jacinto Unified School District’s measure authorizing \$78,000,000 in bonds at legal rates be adopted, levying 6¢ per \$100 assessed value (approximately \$5,000,000 annually) while bonds are outstanding, with independent citizen oversight, audits, no money for administrators, and all money locally-controlled?”

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 2025 Bonds, the completion of any projects listed on the Project List, or whether bonds authorized by the 2024 Authorization will provide sufficient funds to complete any particular project listed in the Project List.

The Refunding Bonds

On December 23, 2014, the District issued its General Obligation Refunding Bonds, Series 2014 (the **“2014 Refunding Bonds”**), as current interest bonds, in the original principal amount of \$40,235,000 for the purpose of refunding certain maturities of the District’s then outstanding General Obligation Bonds, Election of 2006, Series 2007.

The 2014 Refunding Bonds currently outstanding are subject to optional redemption on any date on and after August 1, 2024, at a price equal to the principal amount thereof, together with interest accrued thereon to the date of redemption, without premium. The 2014 Refunding Bonds are currently outstanding in the aggregate principal amount of \$23,835,000.

The proceeds of the Refunding Bonds will be used to refinance the Refunded Bonds, identified below, on or about December 4, 2025*, and to pay related costs of issuance.

* Preliminary; subject to change.

Identification of Refunded Bonds*

Maturity Date (August 1)	CUSIP†	Principal Amount	Redemption Price
2026	797848 GP7	\$3,215,000	100.0%
2027	797848 GQ5	3,550,000	100.0
2028	797848 GR3	3,910,000	100.0
2029	797848 GS1	1,000,000	100.0
2029	797848 GW2	3,290,000	100.0
2030	797848 GT9	4,685,000	100.0
2031	797848 GU6	2,105,000	100.0
2032	797848 GV4	2,080,000	100.0
Total	--	\$23,835,000	--

**Preliminary; subject to change.*

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of The American Bankers Association. The District takes no responsibility for the accuracy of the CUSIP data.

The District will deliver the net proceeds of the Refunding Bonds to U.S. Bank Trust Company, National Association, as escrow bank (the “**Escrow Bank**”), for deposit in an escrow fund (the “**Escrow Fund**”) established under an Escrow Agreement (the “**Escrow Agreement**”), between the District and the Escrow Bank. The Escrow Bank will invest such funds in certain federal securities (“**Escrow Fund Securities**”) and in cash, and will apply such funds, together with interest earnings (if any) on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Public Finance, LLC, Denver, Colorado (the “**Verification Agent**”). See “VERIFICATION OF MATHEMATICAL ACCURACY.” As a result of the deposit of funds with the Escrow Bank on the date of issuance of the Refunding Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The Escrow Fund Securities and cash held by the Escrow Bank in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Refunding Bonds or the Series 2025 Bonds.

THE BONDS

Authority for Issuance

The Series 2025 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 Series 2025 Bond Resolution. The Refunding Bonds will be issued pursuant to the Refunding Law and the Refunding Bond Resolution.

Description of the Bonds

The Bonds are being issued as current interest bonds. The Bonds mature in the years and in the amounts set forth on the inside cover page hereof. The 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 DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See “Book-Entry Only System” and APPENDIX F.

The Bonds shall be issued in the denominations of \$5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2026 (each, an “**Interest Payment Date**”). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding such Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to January 15, 2026, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such 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 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 who will remit such payments to the Beneficial Owners of the Bonds.

Book-Entry Only System

The 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 Bonds will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the 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 Bonds.

As long as DTC’s book-entry method is used for the Bonds, the Paying Agent will send any notice of prepayment 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 such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the prepayment of the Bonds called for prepayment or any other action premised on such notice. See APPENDIX F.

The Paying Agent, the District, and the Purchaser of the Bonds 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 Bonds.

Redemption*

Optional Redemption-Series 2025 Bonds. The Series 2025 Bonds maturing on or before August 1, 2035 are not subject to redemption prior to their respective stated maturities. The Series 2025 Bonds maturing on or after August 1, 2036 are subject to redemption prior to maturity as a whole, or in part among maturities on such basis as shall be designated by the District and by lot within a maturity, at the option of the District, from any available source of funds, on August 1, 2035 and on any date thereafter, at a redemption price equal to 100% of the principal amount of the Series 2025 Bonds to be redeemed, together with interest thereon to the date fixed for redemption, without premium.

Whenever less than all of the outstanding Bonds of any one maturity are designated for redemption, the Paying Agent will select the outstanding Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds \$5,000 principal amount. The Bonds may all be separately redeemed.

No Optional Redemption-Refunding Bonds. The Refunding Bonds are not subject to redemption prior to maturity.

Mandatory Sinking Fund Redemption – Series 2025 Bonds. The Series 2025 Bonds maturing on August 1, 20__ (the “**Term Bonds**”), are also subject to mandatory sinking fund redemption on or before August 1 in the years, and in the amounts, as set forth in the following table. The Term Bonds so called for mandatory sinking fund redemption will be redeemed in the sinking fund payment amounts and on the dates set forth below, without premium, together with interest accrued thereon to the date fixed for redemption.

Term Bonds Maturing August 1, 20__

Redemption Date (August 1)	Sinking Fund Redemption
---------------------------------------	------------------------------------

If any Term Bonds are redeemed pursuant to optional redemption, the total amount of all future sinking fund payments with respect to such Term Bonds shall be reduced by the aggregate principal amount of such Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of \$5,000 principal amount (or on such other basis as the District may determine) as set forth in written notice given by the District to the Paying Agent.

No Mandatory Sinking Fund Redemption-Refunding Bonds. The Refunding Bonds are not subject to mandatory sinking fund redemption.

Notice of Redemption

The Paying Agent shall give notice of the redemption of the Bonds at the expense of the District to be mailed, first class mail, postage prepaid, at least 20 days but not more than 60 days

* Preliminary; subject to change. Designation of Term Bonds is at bidder's option at the time of the sale.

prior to the date fixed for redemption, to the owners of the Bonds designated for redemption. Such notice shall specify: (a) that the Bonds or a designated portion thereof are to be redeemed, (b) the numbers and CUSIP numbers of the Bonds to be redeemed, (c) the date of notice and the date of redemption, (d) the place or places where the redemption will be made, and (e) descriptive information regarding the Bonds including the dated date, interest rate and stated maturity date. Such notice shall further state that on the specified date there shall become due and payable upon each Bond to be redeemed, the portion of the principal amount of such Bond to be redeemed, together with interest accrued to said date, the redemption premium, if any, and that from and after such date interest with respect thereto shall cease to accrue and be payable. Such notice may be a conditional notice of redemption and subject to rescission as set forth below.

Neither the failure to receive such notice nor any defect in any such redemption notice so mailed shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon surrender of Bonds redeemed in part only, the District will execute and the Paying Agent will authenticate and deliver to the owner, at the expense of the District, a new Bond or Bonds, of the same maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond or Bonds.

Effect of Redemption

From and after the date fixed for redemption, if notice of such redemption has been duly given and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, the Bonds called for redemption will cease to be entitled to any benefit under the Bond Resolutions, other than the right to receive payment of the redemption price, and no interest will accrue thereon on or after the redemption date specified in such notice. The Paying Agent will cancel all Bonds redeemed and will furnish a certificate of cancellation to the District.

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the applicable Bond Resolution.

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond registration books shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither

the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the applicable Bond Resolution.

Bonds may be exchanged at the principal office of the Paying Agent in Los Angeles, California for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity, , together with a request for exchange signed by the owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolutions, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance and Discharge of Bonds

Any or all of the Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable under the Bond Resolution by the District:

- (a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolutions) to pay or redeem such Bonds; or
- (c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolutions it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolutions and will be:

- (i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the applicable Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or
- (ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the

principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the applicable Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption has been given as provided in the Bond Resolution or provision satisfactory to the Paying Agent has been made for the giving of such notice, then all liability of the County and the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of the Bond Resolution will apply in all events.

"Federal Securities," has the meaning given such term in the Bond Resolutions, and generally means United States Treasury notes, bonds, bills or certificates of indebtedness, or any other obligations the timely payment of which is directly or indirectly guaranteed by the faith and credit of the United States of America.

DEBT SERVICE SCHEDULES

The Series 2025 Bonds. The following table shows the annual debt service schedule with respect to the Series 2025 Bonds, assuming no optional redemptions.

**San Jacinto Unified School District
General Obligation Bonds, Election of 2024,
Series 2025
Debt Service Schedule**

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
TOTAL			

The Refunding Bonds. The following table shows the annual debt service schedule with respect to the Refunding Bonds, assuming no optional redemptions.

**San Jacinto Unified School District
2025 General Obligation Refunding Bonds
Debt Service Schedule**

Bond Year Ending (August 1)	Principal	Interest	Total Annual Debt Service
TOTAL			

Combined General Obligation Bonds. The following table shows the combined annual debt service schedule with respect to all outstanding general obligation bonds of the District secured by *ad valorem* property taxes, assuming no optional redemptions. See APPENDIX A – “FINANCIAL INFORMATION – Existing Debt Obligations” for additional information.

SAN JACINTO UNIFIED SCHOOL DISTRICT
Combined General Obligation Bond Debt Service Schedule

Date (August 1)	2014 Refunding Bonds⁽¹⁾	Election of 2016, Series 2017	Election of 2016, Series 2022	Series 2025 Bonds	Refunding Bonds	Total
2026	\$4,356,600.00	\$1,509,650.00	\$968,000.00			
2027	4,530,850.00	1,579,650.00	995,250.00			
2028	4,713,350.00	1,654,900.00	1,025,750.00			
2029	4,897,850.00	1,729,900.00	1,059,250.00			
2030	5,092,100.00	1,805,600.00	1,090,500.00			
2031	2,277,850.00	1,890,100.00	1,124,500.00			
2032	2,147,600.00	1,973,100.00	1,161,000.00			
2033	--	2,064,350.00	1,194,750.00			
2034	--	2,157,562.50	1,230,750.00			
2035	--	2,254,062.50	1,268,750.00			
2036	--	2,357,062.50	1,308,500.00			
2037	--	2,405,812.50	1,404,750.00			
2038	--	2,512,125.00	1,449,500.00			
2039	--	2,626,687.50	1,490,000.00			
2040	--	2,743,937.50	1,536,250.00			
2041	--	2,863,500.00	1,587,750.00			
2042	--	--	4,604,000.00			
2043	--	--	4,784,000.00			
2044	--	--	--			
2045	--	--	--			
2046	--	--	--			
2047	--	--	--			
2048	--	--	--			
2049	--	--	--			
2050	--	--	--			
2051	--	--	--			
2052	--	--	--			
2053	--	--	--			
2054	--	--	--			
2055	--	--	--			
Total	\$28,016,200.00	\$34,128,000.00	\$29,283,250.00			

(1) Expected to be refunded with the proceeds of the Refunding Bonds. See “THE FINANCING PLAN - The Refunding Bonds.”

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

<u>Sources of Funds</u>	<u>Series 2025 Bonds</u>	<u>Refunding Bonds</u>
Principal Amount of Bonds		
[Net] Original Issue [Premium]/[Discount]		
Total Sources		
<u>Uses of Funds</u>		
Building Fund		
Escrow Fund		
Debt Service Fund		
Costs of Issuance ⁽¹⁾		
Total Uses		

⁽¹⁾ All estimated costs of issuance including, but not limited to, Purchaser's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Paying Agent, the Policy premium (if any), the Escrow Agent, the Verification Agent, and the rating agency.

SECURITY FOR THE BONDS

Ad Valorem Taxes

Bonds Payable from Ad Valorem Property Taxes. The 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 County is empowered and is obligated to annually levy *ad valorem* property taxes for the payment of the 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 Bonds, there is other debt issued by the District and other entities with jurisdiction in the District, which is payable from *ad valorem* property taxes levied on all property in the District. See “PROPERTY TAXATION – Tax Rates” and “- Direct and Overlapping Debt” below.

Levy, Collection and Pledge of Taxes. The County will levy and collect such *ad valorem* property 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 a debt service fund for the Bonds, which is held by the County and which is irrevocably pledged for the payment of principal of and interest on the 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.

Statutory Lien on Ad Valorem Tax Revenues. Under California law, voter-approved general obligation bonds which are secured by *ad valorem* property tax collections, including the 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 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 amount of the annual *ad valorem* property tax levied by the County to repay the 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 Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Natural Disasters. Economic and other factors beyond the District’s control, such as economic recession, deflation of property values, pandemics, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire, drought, climate change or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See “PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value.”

Building Fund

Proceeds from the sale of the Series 2025 Bonds, to the extent of the principal amount thereof, will be paid to the County to the credit of the fund created and established in the Series 2025 Bond Resolution and known as the “San Jacinto Unified School District General Obligation Bonds, Election of 2024, Series 2025 Building Fund” (the “**Building Fund**”), into which the proceeds from the sale of the Series 2025 Bonds shall be deposited. The County Treasurer shall hold this fund. The District shall maintain separate accounting for the proceeds of the Series 2025 Bonds, including all earnings received from the investment thereof. Amounts credited to the Building Fund for the Series 2025 Bonds shall be expended by the District solely for the financing of projects for which the Series 2025 Bond proceeds are authorized to be expended under the 2024 Authorization (which includes related Costs of Issuance). All interest and other gain arising from the investment of proceeds of the Series 2025 Bonds shall be retained in the Building Fund and used for the purposes thereof. At the Written Request of the District filed with the County Treasurer, any amounts remaining on deposit in the Building Fund and not needed for the purposes thereof shall be withdrawn from the Building Fund and transferred to the Series 2025 Debt Service Fund (as defined below), to be applied to pay the principal of and interest on the Series 2025 Bonds.

If excess amounts remain on deposit in the Series 2025 Debt Service Fund after payment in full of the Series 2025 Bonds, any such excess amounts shall be transferred to the general fund of the District, to be applied for the purposes for which the Series 2025 Bonds have been authorized or otherwise.

Debt Service Funds

Series 2025 Bonds Debt Service Fund. Amounts to pay debt service on the Series 2025 Bonds will be held in the fund created and established in the Series 2025 Bond Resolution and known as the “San Jacinto Unified School District General Obligation Bonds, Election of 2024, Series 2025 Debt Service Fund” (the “**Series 2025 Debt Service Fund**”) for the Series 2025 Bonds, which the County Treasurer shall hold as a separate account, distinct from all other funds of the County and the District. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Series 2025 Bonds will be deposited in the Series 2025 Debt Service Fund by the County promptly upon apportionment of said levy. The Series 2025 Debt Service Fund is pledged for the payment of the principal of and interest on the Series 2025 Bonds when and as the same become due, including the principal of any term Series 2025 Bonds required to be paid upon the mandatory sinking fund redemption thereof. Amounts in the Series 2025 Debt Service Fund shall be transferred by the County Treasurer to the Paying Agent to the extent necessary to pay the principal of and interest and redemption premium (if any) on the Series 2025 Bonds when due. In addition, amounts on deposit in the Series 2025 Debt Service Fund shall be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If excess amounts remain on deposit in the Series 2025 Bonds Debt Service Fund after payment in full of the Series 2025 Bonds, any such excess shall be transferred to the general fund of the District, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Refunding Bonds Debt Service Fund. Amounts to pay debt service on the Refunding Bonds will be held in the fund created and established in the Refunding Bond Resolution and known as the “San Jacinto Unified School District, 2025 General Obligation Refunding Bonds Debt Service Fund” (the “**Refunding Debt Service Fund**”) for the Refunding Bonds, which shall be maintained a

separate fund. The County Treasurer shall hold this fund. All taxes levied by the County, at the request of the District, for the payment of the principal of and interest and premium (if any) on the Refunding Bonds will be deposited in the Refunding Debt Service Fund by the County promptly upon the receipt. The Refunding Debt Service Fund is pledged for the payment of the principal of and interest on the Refunding Bonds when and as the same become due, , including the principal of any term Refunding Bonds required to be paid upon the mandatory sinking fund redemption thereof. Amounts on deposit in the Refunding Debt Service Fund shall be transferred by the County to the Paying Agent to the extent required to pay the principal of and interest and redemption premium (if any) on the Refunding Bonds when due. In addition, amounts on deposit in the Refunding Debt Service Fund shall be applied to pay the fees and expenses of the Paying Agent insofar as permitted by law, including specifically by Section 15232 of the Education Code.

If excess amounts remain on deposit in the Debt Service Fund after payment in full of the Refunding Bonds, any such excess shall be transferred to the general fund of the District, 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 Bonds are payable solely from the proceeds of an *ad valorem* property tax levied and collected by the County, for the payment of principal and interest on the Bonds. Although the County is obligated to collect the *ad valorem* property tax for the payment of the Bonds, the Bonds are not a debt of the County.

PROPERTY TAXATION

Property Tax Collection Procedures

In California, property subject to *ad valorem* taxes is classified as “secured” or “unsecured.” The “secured roll” is that part of the assessment roll containing state assessed public utilities’ property and real property, the taxes on which create a lien on such property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county in which the property is located.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. However, Senate Bill 813 (enacted by

Statutes of 1983, Chapter 498) (“**SB 813**”), provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, SB 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) 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 judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes for the amount of taxes which are delinquent.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization (“**SBE**”) and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as “unitary property”, a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and “operating nonunitary” property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuation

The assessed valuation of property in the District is established by the assessor of the County, except for public utility property which is assessed by the SBE, as described above. Assessed valuations are reported at 100% of the “full value” of the property, as defined in Article XIII A of the California Constitution. For a discussion of how properties currently are assessed, see APPENDIX A under the heading “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.”

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Assessed Valuation History. The table below shows a history of the District's assessed valuation.

SAN JACINTO UNIFIED SCHOOL DISTRICT
Assessed Valuation
Fiscal Years 2015-16 through 2025-26

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2015-16	\$2,495,366,930	\$131,600	\$61,433,859	\$2,556,932,389	--%
2016-17	2,624,630,751	131,600	60,929,034	2,685,691,385	5.0
2017-18	2,812,312,468	131,600	64,187,285	2,876,631,353	7.1
2018-19	3,031,905,201	130,800	67,829,065	3,099,865,066	7.8
2019-20	3,238,740,796	130,800	71,735,416	3,310,607,012	6.8
2020-21	3,452,969,328	130,800	73,402,044	3,526,502,172	6.5
2021-22	3,675,814,005	130,800	74,394,656	3,750,339,461	6.3
2022-23	4,073,536,054	130,800	80,884,357	4,154,551,211	10.8
2023-24	4,521,986,631	130,800	89,932,591	4,612,050,022	11.0
2024-25	4,828,291,303	130,800	102,834,643	4,931,256,746	6.9
2025-26	5,146,001,608	130,800	106,189,570	5,252,321,978	6.5

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and disasters such as wildfires, earthquakes, droughts, floods, climate change and pandemics, among others. The District cannot predict or make any representations regarding the effects that natural disasters or other conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Wildfires. According to the State, fire season is starting earlier and ending later each year, with the increased length of the season corresponding to an increase in the extent of forest fires across the State. In addition to destroying land and structures, there have been human fatalities and negative impacts on air quality throughout the State. Fires in the State and neighboring states have threatened the region's power grids, making some power lines unreliable. The Governor has issued executive orders in the past suspending penalties, costs and interest on late property tax payments for properties impacted by wildfires. The District cannot predict or make any representations regarding the effects that wildfires and related conditions have or may have on the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

On January 7, 2025, the Palisades Fire started in the Pacific Palisades area of Los Angeles County, destroying nearly 7,000 structures and damaging over 1,000 more. Several other fires subsequently broke out in Los Angeles County, destroying and threatening numerous structures, including the Eaton Fire in Altadena, which destroyed more than 9,000 structures and damaged 1,000 more. Neither the Palisades Fire nor the Eaton Fire caused damage within the District.

Seismic Events. The District is located in a seismically active region. 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. The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation, which resulted in related severe flooding and mudslides in certain regions. As of October 7, 2025, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly abnormally dry and no drought conditions in the northern part of the State, some abnormally dry and moderate drought conditions in the central part of the State, with moderate, severe, and extreme drought conditions in the southern part of the State, with the County experiencing moderate, severe and extreme drought conditions.

During 2021, the Governor of the State proclaimed a drought state of emergency for all counties in the State, culminating with an October 19, 2021, proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. In January 2023, the State Water Board adopted its first five-year temporary groundwater recharge permit, in addition to adopting new statewide sanitary sewer orders and appointing eleven members to the Advisory Group on Safe Drinking Water Funding. Local agencies can impose and enforce their own drought conservation rules.

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 is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Public Health Emergencies. In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of the disease known as COVID-19 ("**COVID-19**"), an upper respiratory tract illness, that spread across the world and materially impacted the global economy. While the national and global health emergencies have passed, there could be future COVID-19 outbreaks or other public health emergencies that could have material adverse effects on the District's operations and finances. In addition, the District cannot predict whether future pandemics will occur and whether any such pandemics may impact its finances or operations. As of this date, several vaccines have been provided approval by federal health authorities and are widely available, and both the national emergency and state of emergency have officially ended, and the World Health Organization declared an end to the COVID-19 global health emergency.

Assessed Valuation by Jurisdiction. The table below shows the assessed valuation by jurisdiction of properties within the District.

**SAN JACINTO UNIFIED SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2025-26**

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Beaumont	\$ 34,577	0.00%	\$9,976,119,263	0.00%
City of Hemet	318,295,779	6.06	\$9,462,365,495	3.36%
City of Moreno Valley	25,947,437	0.49	\$25,280,959,678	0.10%
City of San Jacinto	4,665,727,553	88.83	\$5,184,329,525	90.00%
Unincorporated Riverside Co.	242,316,632	4.61	\$75,438,139,524	0.32%
Total District	\$5,252,321,978	100.00%		
Riverside County	\$5,252,321,978	100.00%	\$450,641,568,216	1.17%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2025-26. As shown, the majority of the District's assessed valuation is represented by residential property.

**SAN JACINTO UNIFIED SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2025-26**

	2025-26 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural/Rural	\$ 296,808,717	5.77%	405	2.38%
Commercial/Office	352,219,280	6.84	325	1.91
Vacant Commercial	168,024,799	3.27	339	1.99
Industrial	201,250,615	3.91	198	1.16
Vacant Industrial	94,816	0.00	1	0.01
Recreational	14,670,040	0.29	14	0.08
Government/Social/Institutional	20,349,355	0.40	42	0.25
Miscellaneous	4,525,416	0.09	10	0.06
Subtotal Non-Residential	\$1,057,943,038	20.56%	1,334	7.84%
Residential:				
Single Family Residence	\$3,583,959,971	69.65%	11,652	68.51%
Condominium	56,970,548	1.11	339	1.99
Mobile Homes and Lots	123,472,196	2.40	2,439	14.34
Mobile Home Park	90,775,967	1.76	25	0.15
2-4 Residential Units	79,185,346	1.54	266	1.56
5+ Residential Units/Apartments	101,354,766	1.97	60	0.35
Miscellaneous Residential	3,620,864	0.07	44	0.26
Vacant Residential	48,718,912	0.95	849	4.99
Subtotal Residential	\$4,088,058,570	79.44%	15,674	92.16%
Total	\$5,146,001,608	100.00%	17,008	100.00%

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

Assessed Valuation of Single-Family Residential Parcels. The following table shows a breakdown of the assessed valuations of improved single-family residential parcels in the District for fiscal year 2025-26, including the median and average assessed value of single-family parcels in the District.

SAN JACINTO UNIFIED SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2025-26

	No. of Parcels	2025-26 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	11,652	\$3,583,959,971	\$307,583	\$300,323

2025-26 Assessed Valuation	No. of Parcels ⁽¹⁾	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
\$0 - \$24,999	16	0.137%	0.137%	\$ 264,139	0.007%	0.007%
\$25,000 - \$49,999	105	0.901	1.038	4,258,876	0.119	0.126
\$50,000 - \$74,999	184	1.579	2.618	11,495,936	0.321	0.447
\$75,000 - \$99,999	304	2.609	5.227	26,691,625	0.745	1.192
\$100,000 - \$124,999	412	3.536	8.762	46,194,162	1.289	2.481
\$125,000 - \$149,999	525	4.506	13.268	72,522,221	2.024	4.504
\$150,000 - \$174,999	712	6.111	19.379	116,353,965	3.247	7.751
\$175,000 - \$199,999	716	6.145	25.524	134,500,462	3.753	11.504
\$200,000 - \$224,999	755	6.480	32.003	160,430,585	4.476	15.980
\$225,000 - \$249,999	659	5.656	37.659	156,101,548	4.356	20.335
\$250,000 - \$274,999	716	6.145	43.804	188,023,363	5.246	25.582
\$275,000 - \$299,999	713	6.119	49.923	204,913,048	5.718	31.299
\$300,000 - \$324,999	739	6.342	56.265	231,090,285	6.448	37.747
\$325,000 - \$349,999	790	6.780	63.045	267,051,175	7.451	45.198
\$350,000 - \$374,999	701	6.016	69.061	253,412,378	7.071	52.269
\$375,000 - \$399,999	554	4.755	73.816	214,068,872	5.973	58.242
\$400,000 - \$424,999	404	3.467	77.283	166,657,573	4.650	62.892
\$425,000 - \$449,999	418	3.587	80.870	182,991,250	5.106	67.998
\$450,000 - \$474,999	509	4.368	85.239	235,073,973	6.559	74.557
\$475,000 - \$499,999	540	4.634	89.873	263,081,821	7.341	81.898
\$500,000 and greater	<u>1,180</u>	<u>10.127</u>	100.000	<u>648,782,714</u>	<u>18.102</u>	100.000
	11,652	100.000%		\$3,583,959,971	100.000%	

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

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution" in APPENDIX A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the SBE, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed

because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

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. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

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.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

Tax Rates

Below are historical typical tax rates in a typical tax rate area (Tax Rate Area 10-046) within the District for fiscal years 2021-22 through 2025-26.

SAN JACINTO UNIFIED SCHOOL DISTRICT Typical Total Tax Rates per \$100 of Assessed Valuation (TRA 10-046)⁽¹⁾ Fiscal Years 2021-22 through 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
General	\$1.00000	\$1.00000	\$1.00000	\$1.00000	\$1.00000
San Jacinto Unified School District	.15291	.14988	.14988	.14000	.19000
Mount San Jacinto Community College District	.01320	.01320	.01320	.00268	.00254
Metropolitan Water District	.00350	.00350	.00350	.00700	.00700
Eastern Municipal Water District, I.D. No. U-12	.00800	.00720	.00720	.00720	.00684
Total Tax Rate	\$1.17761	\$1.17378	\$1.17378	\$1.15688	\$1.20638

(1) 2025-26 assessed valuation of TRA 10-046 is \$288,890,544, which is 5.5% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors can under certain circumstances terminate the Teeter Plan in part or in its entirety with respect to the entire County and, in addition, the Board of Supervisors can terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District.

The current practice of the County under the Teeter Plan is to pay the District 100% of the *ad valorem* property taxes payable annually to the District in connection with general obligation bond indebtedness and to retain any penalties or delinquencies collected to offset such gross payment. In addition, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures, including Order N-61-20 which waives the collection of certain penalties and interest on delinquent property taxes resulting from the COVID-19 pandemic, might have on the County's Teeter Plan.

Finally, 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.

There can be no assurances that the County will continue the Teeter Plan in the future, or that the County will not discontinue the Teeter Plan or remove the District from the Teeter Plan in the future.

Notwithstanding the above, the table below shows secured tax charge and delinquency rates for fiscal years 2019-20 through 2023-24. Data for fiscal year 2024-25 is not yet available.

**SAN JACINTO UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2019-20 through 2023-24**

Fiscal Year	Secured Tax Charge⁽¹⁾	Amount Delinquent June 30	Percent Delinquent June 30
2019-20	\$4,920,072.48	\$149,267.67	3.03%
2020-21	5,210,495.20	108,030.80	2.07
2021-22	5,568,111.40	87,605.38	1.57
2022-23	6,077,386.29	114,206.56	1.88
2023-24	6,714,700.77	156,148.60	2.33

(1) District's general obligation bond debt service levy only.
Source: *California Municipal Statistics, Inc.*

Top 20 Property Owners

The following table shows the 20 largest taxpayers in the District as determined by their secured assessed valuations in fiscal year 2025-26. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

SAN JACINTO UNIFIED SCHOOL DISTRICT Top 20 Secured Property Taxpayers Fiscal Year 2025-26

	Property Owner	Primary Land Use	2025-26 Assessed Valuation	% of Total ⁽¹⁾
1.	SFR V Tranche 5 Borrower	Residential Development	\$ 42,338,135	0.82%
2.	Broadstone EC Portfolio	Industrial	40,567,670	0.79
3.	Building Management Services	Commercial	30,588,786	0.59
4.	Wal Mart Real Estate Business Trust	Commercial	29,554,000	0.57
5.	San Jacinto Master Developer	Undeveloped	25,999,594	0.51
6.	Country Lake Manufactured Home Community	Mobile Home Park	22,767,748	0.44
7.	Ramona State Partners	Commercial	19,420,529	0.38
8.	Providence Vista Gardens Hemet Apartments	Apartments	17,655,632	0.34
9.	0312 Ramona Apartments	Apartments	16,743,826	0.33
10.	Highland Fairview Environmental Foundation	Undeveloped	16,170,171	0.31
11.	Loyola Prop I	Undeveloped	15,903,894	0.31
12.	HF Prop	Commercial Land	15,113,527	0.29
13.	1097 North State	Commercial	14,507,968	0.28
14.	1455 North Warren Road	Undeveloped	13,837,739	0.27
15.	REVV-MBEX98 Inc.	Undeveloped	13,524,440	0.26
16.	Eastgate Prop Partners	Commercial Land	11,889,226	0.23
17.	CKB Properties	Commercial	11,475,000	0.22
18.	Parkview MHC	Mobile Home Park	11,310,098	0.22
19.	NSA Prop Holdings	Warehouse	11,256,179	0.22
20.	Century Communities of California	Residential Development	10,145,895	0.20
			<u>\$390,770,057</u>	<u>7.59%</u>

(1) 2025-26 local secured assessed valuation: \$5,146,001,608.

Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the “**Debt Report**”) prepared by California Municipal Statistics, Inc. for debt issued as of October 1, 2025. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

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

SAN JACINTO UNIFIED SCHOOL DISTRICT Statement of Direct and Overlapping Bonded Debt (Debt Issued as of October 1, 2025)

2025-26 Assessed Valuation: \$5,252,321,978

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 10/1/25</u>
Metropolitan Water District	0.123%	\$ 21,101
Mount San Jacinto Community College District	3.490	8,135,190
San Jacinto Unified School District	100.000	65,610,000 ⁽¹⁾
Eastern Municipal Water District Improvement Districts	86.943–100.000	256,587
San Jacinto Unified School District Community Facilities District	100.000	65,695,000
San Jacinto Community Facilities District No. 2002-1	100.000	11,455,000
Eastern Municipal Water District Community Facilities Districts	52.179–100.000	2,759,846
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$153,932,724

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Riverside County General Fund Obligations	1.166%	\$13,223,627
Riverside County Pension Obligation Bonds	1.166	7,031,621
San Jacinto Unified School District Certificates of Participation	100.000	34,450,000
City of Moreno Valley Certificates of Participation	0.103	68,362
Beaumont Library District Certificates of Participation	0.096	7,814
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$54,781,424

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$4,395,476

COMBINED TOTAL DEBT **\$213,109,624** ⁽²⁾

Ratios to 2025-26 Assessed Valuation:

Direct Debt (\$65,610,000)	1.25%
Total Direct and Overlapping Tax and Assessment Debt	2.93%
Combined Direct Debt (\$100,060,000)	1.91%
Combined Total Debt	4.06%

Ratios to Redevelopment Incremental Valuation (\$1,079,695,070):

Total Overlapping Tax Increment Debt	0.41%
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(1) Excludes the Bonds offered for sale hereunder and includes the Refunded Bonds.

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

Source: California Municipal Statistics, Inc.

BOND INSURANCE

The District has applied for bond insurance to guarantee the scheduled payment of principal of and interest on the Refunding Bonds and, if a commitment is issued to insure the Refunding Bonds, will determine prior to the sale of the Refunding Bonds whether to obtain such insurance.

TAX MATTERS

Tax Exemption

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

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

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

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

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of

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

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

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

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

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

Forms of Opinions. A copy of the proposed forms of opinions of Bond Counsel are attached hereto as Appendix D.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Refunding Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Refunding Bonds and other funds available to pay upon prior redemption, principal, interest and redemption premium requirements of the Refunded Bonds described under the heading "THE FINANCING PLAN" and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Refunding Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Refunding Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

CERTAIN LEGAL MATTERS

Legality for Investment

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

Absence of Material Litigation

No Litigation Regarding Bonds or Existence of District. No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* property taxes or to collect other revenues or (iii) contests the District's ability to issue and sell the Bonds.

Claims and Lawsuits Against Public School Districts Generally. The District is routinely subject to lawsuits and claims. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District may be or may become a party to lawsuits and claims which are unrelated to the Bonds or actions taken with respect to the Bonds and which have arisen in the normal course of operating the District, including with respect Assembly Bill 218. The District maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents. The District cannot predict what types of claims may arise in the future, including but not limited to claims relating to health issues and pandemics, or claims that may be made available by future legislation.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall LLP, as Bond Counsel and Disclosure Counsel to the District and Fieldman, Rolapp & Associates, Inc., as municipal advisor to the District, are contingent upon issuance of the Bonds.

MUNICIPAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Inc. (the “**Municipal Advisor**”), as municipal advisor in connection with the issuance and sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement or any of the other legal documents and, further, the Municipal Advisor does not assume any responsibility for the information, covenants and representations with respect to the federal income tax status of the Bonds, or the possible impact of any current, pending or future actions taken by any legislative or judicial bodies or rating agencies.

CONTINUING DISCLOSURE

The District will execute the Continuing Disclosure Certificate in connection with the issuance of the Bonds, and covenant therein, for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District (an “**Annual Report**”) to the Municipal Securities Rulemaking Board Electronic Municipal Market Access website (“**EMMA**”) not later than nine months after the end of the District’s fiscal year, commencing March 31, 2026, with the report for the 2024-25 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. Such notices will be filed by the District on EMMA. 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 E. These covenants have been made in order to assist the Purchaser of the Bonds in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “**Rule**”).

In the previous five-years, the District has not failed to materially comply with its existing continuing disclosure undertakings. In order to assist it in complying with its undertakings pursuant to the Rule, including the undertaking to be entered into with respect to the Bonds, the District has engaged Fieldman, Rolapp & Associates, Inc. dba Applied Best Practices, to serve as its dissemination agent.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability with respect to the performance of the District’s duties regarding continuing disclosure. The County has not reviewed, nor is it responsible for, the content of this Official Statement.

RATING

Moody's Investors Services ("**Moody's**") has assigned a rating of "Aa3" to the Bonds. Such rating reflects only the views of Moody's and an explanation of the significance of such rating may be obtained only from Moody's. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement because it has been considered not material to making an investment decision in the Bonds). There is no assurance that such rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA notices of any changes on the Bonds. See "APPENDIX E - FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from the rating agency prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to Moody's and its website and official media outlets for the most current ratings changes with respect to the Bonds after the initial issuance of the Bonds.

COMPETITIVE SALE OF BONDS

The Bonds were sold pursuant to two separate competitive bidding processes held pursuant to the terms set forth in two separate Official Notices of Sale with respect to each series of the Bonds.

The Series 2025 Bonds were awarded to _____ (the "**Series 2025 Bond Purchaser**"), whose proposal represented the lowest combined true interest cost for the Series 2025 Bonds as determined in accordance with the Official Notice of Sale, and the following is the related purchase price:

Series 2025 Bonds. \$_____ which is equal to the initial principal amount of the Series 2025 Bonds of \$_____, plus [net] original issue premium of \$_____, less a Purchaser's discount of \$_____.

The Refunding Bonds were awarded to _____ (the "**Refunding Bond Purchaser**"), whose proposal represented the lowest combined true interest cost for the Refunding Bonds as determined in accordance with the Official Notice of Sale, and the following is the related purchase price:

Refunding Bonds. \$_____ which is equal to the initial principal amount of the Refunding Bonds of \$_____, plus [net] original issue premium of \$_____, less a Purchaser's discount of \$_____.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolutions and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the District and, following delivery of the Bonds, will be on file at the office of the Paying Agent.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

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 Bonds.

EXECUTION

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

SAN JACINTO UNIFIED SCHOOL DISTRICT

By: _____
Superintendent

APPENDIX A

GENERAL AND FINANCIAL INFORMATION ABOUT THE DISTRICT

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof. See "SECURITY FOR THE BONDS" in the forepart of the Official Statement.

GENERAL INFORMATION

The District was established in 1868 and unified in 1944. The District covers approximately 100 square miles, which includes nearly all of the City of San Jacinto and portions of the Cities of Hemet, Moreno Valley and Beaumont, as well as certain unincorporated areas of Riverside County (the "**County**"), in the State of California (the "**State**"). The District operates seven elementary schools, three middle schools, one comprehensive high school, one alternative high school, one adult education school, two Head Start preschools (San Jacinto Elem/Hyatt), one delegate State preschool (De Anza), and one direct State preschool (Hyatt World Language Academy). Enrollment in the District is budgeted for approximately 10,270 students in fiscal year 2025-26.

For more information regarding the District and its finances, see APPENDIX A and APPENDIX B attached hereto. See APPENDIX C hereto for demographic and other statistical information regarding the City of San Jacinto and the County.

District Governance and Administration

The District is governed by a five-member Board of Trustees (the "**Board**"), each member of which is elected to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their office and the date their term expires, are listed below.

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Sandra Peñaloza	President	December 2028
Nalaisha Burnett	Vice President	December 2026
Jasmin Rubio	Clerk	December 2026
William Fishburn	Member	December 2028
Benjamin Uribe	Member	December 2028

Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Dr. David Pyle is currently the Superintendent of the District, Trieste Huey is serving as Assistant Superintendent, Business Services and Luke Smith is the Executive Director of Business Services.

Recent Enrollment Trends

The following table shows a recent history and budgeted enrollment for the District.

ANNUAL ENROLLMENT Fiscal Years 2019-20 through 2025-26 San Jacinto Unified School District

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>% Change</u>
2019-20	10,142	--%
2020-21	9,919	(2.2)
2021-22	10,173	2.6
2022-23	10,276	1.0
2023-24	10,401	1.2
2024-25	10,280	(1.2)
2025-26 ⁽¹⁾	10,270	(2.2)

(1) Budgeted.

Source: State Department of Education; San Jacinto Unified School District.

Employee Relations

For fiscal year 2025-26, the District has budgeted for 679 full-time equivalent ("FTE") certificated employees, 705 FTE classified employees, and 88 FTE management employees. Two unions represent the District employees as shown in the table below.

<u>Employee Group</u>	<u>Bargaining Group</u>	<u>Contract Expiration Date</u>
Certificated	San Jacinto Teachers' Association	June 30, 2025*
Classified	California School Employees' Association	June 30, 2028

*Parties are operating pursuant to expired contracts.

Source: San Jacinto Unified School District.

FINANCIAL INFORMATION

Education Funding Generally

School districts in the State receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly impact a school district's revenues and operations.

The fiscal year 2013-14 State budget package replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the "**LCFF**"). Under the LCFF, school districts receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of average daily attendance ("**ADA**"), which varies with respect to different grade spans and are adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.
- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.
- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.
- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, 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.

In 2021, legislation was passed that requires school districts operating a kindergarten program to also provide a transitional kindergarten ("**TK**") program for all 4-year-old children by fiscal year 2025–26.

Funding levels used in the LCFF entitlement calculations for fiscal year 2025-26 are set forth in the following table.

**Fiscal Year 2025-26 Base Grant Funding* Under LCFF
by Grade Span**

Entitlement Factor	TK/K-3	4-6	7-8	9-12
A. 2024-25 Base Grant per ADA	\$10,025	\$10,177	\$10,478	\$12,144
B. 2025-26 COLA for LCFF (A x 2.30%)	\$231	\$234	\$241	\$279
C. 2025-26 Base Grant per ADA before Grade Span Adjustments (A+B)	\$10,256	\$10,411	\$10,719	\$12,423
D. Grade Span Adjustments (TK-3: C x 10.4%; 9-12: C x 2.6%)	\$1,067	n/a	n/a	\$323
E. 2025-26 Base Grant/Adjusted Base Grant per ADA (C + D)	\$11,323	\$10,411	\$10,719	\$12,746

*Add-ons to the Base Grant, as may be applicable, are: (1) Supplemental Grant: For the supplemental grant funding entitlement, for each grade span, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times Unduplicated Pupil Percentage, times 20%, (2) Concentration Grant: For the concentration grant funding entitlement, the calculation is the base grant or adjusted base grant per ADA, times total funded ADA, times portion (of Unduplicated Pupil Percentage that exceeds 55%, times 65%, and (3) Transitional Kindergarten Add-On: For the TK add-on funding, the amount is the rate of \$5,545 times the school district's current year TK ADA.

Source: California Department of Education.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system. When a school district's share of local property taxes exceeds its funding entitlement under LCFF, it is deemed a Basic Aid District and is entitled to keep its local property taxes in lieu of lower funding per ADA available under LCFF. The District is not a Basic Aid District.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with 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 California school districts. District accounting is organized on the basis of funds, with each

group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see Note 1 of APPENDIX B to the Official Statement.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's audited financial statements for fiscal year 2023-24 were prepared by Eide Bailly LLP, Rancho Cucamonga, California, and are attached to the Official Statement as APPENDIX B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Office of the Assistant Superintendent, Business Services. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement.

General Fund Revenues, Expenditures and Changes in Fund Balance. The following table shows the audited income and expense statements for the District for the fiscal years 2019-20 through 2023-24.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2019-20 through 2023-24 (Audited)
San Jacinto Unified School District

	<u>Audited</u> <u>2019-20</u>	<u>Audited</u> <u>2020-21</u>	<u>Audited</u> <u>2021-22</u>	<u>Audited</u> <u>2022-23</u>	<u>Audited</u> <u>2023-24</u>
Revenues:					
LCFF Sources:	\$108,106,951	\$106,674,141	\$120,754,532	\$138,208,850	\$148,390,574
Federal Revenues	7,315,750	28,326,913	28,512,387	16,597,145	20,651,023
State Revenues	11,894,857	20,260,171	23,103,122	48,256,776	32,897,457
Local Revenues	9,840,023	10,052,333	12,232,104	14,629,324	22,268,352
Total Revenues	137,157,581	165,313,558	184,602,145	217,692,095	224,207,406
Expenditures:					
Instruction	82,329,421	92,487,025	108,820,962	117,189,606	132,333,659
Supervision of Instruction	4,827,619	4,932,581	5,214,213	5,977,234	6,471,831
Instructional library, media, and technology	824,535	884,838	1,011,159	1,833,676	1,190,698
School site administration	10,607,111	11,110,466	14,440,268	16,712,407	19,005,748
Home-to-school transportation	2,277,741	2,132,372	2,405,279	2,612,213	3,649,389
Food services	1,280,943	838,048	318,882	221,075	690,214
All other pupil services	7,165,362	7,541,021	9,909,728	10,568,158	12,277,899
Data processing	2,838,616	2,296,794	1,851,197	3,412,464	1,266,300
All other general administration	6,501,588	6,336,923	6,716,137	7,080,106	6,761,657
Plant services	9,798,571	11,167,443	13,224,579	16,886,566	19,789,182
Facility acquisition and construction	4,625,360	4,642,255	5,743,606	15,744,322	12,708,135
Ancillary services	--	--	898	45	--
Other outgo	301,185	368,629	227,324	144,786	105,228
Debt service: Principal	364,232	597,472	546,221	2,231,078	1,302,311
Debt service: Interest and other	96,911	139,596	109,818	86,275	165,561
Total Expenditures	133,839,195	145,475,463	170,540,271	200,700,011	217,717,812
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,318,386	19,838,095	14,061,874	16,992,084	6,489,594
Other Financing Sources (Uses)					
Operating transfers in	--	--	--	1,872,903	--
Proceeds from sale of capital leases	2,899,386	--	--	1,940,389	--
Proceeds from issuance of SBITAs	--	--	--	1,239,875	240,121
Operating transfers out	(352,467)	(1,352,438)	(467,063)	(378,447)	(172,742)
Total Other Financing Sources (Uses)	2,547,464	(1,352,438)	(467,063)	4,674,720	67,379
Net change in fund balance	5,865,850	18,485,657	13,594,811	21,666,804	6,556,973
Fund Balances July 1	28,763,157	34,629,007	53,114,664	66,709,475	88,376,279
Fund Balances June 30	\$34,629,007	\$53,114,664	\$66,709,475	\$88,376,279	\$94,933,252

(1) Totals may not foot due to rounding.

Source: Audited financial statements of the District.

District Budget and Interim Financial Reporting

Budgeting and Interim Reporting Procedures. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Riverside County Superintendent of Schools (the "**County Superintendent**").

The County Superintendent must review and approve or disapprove the budget no later than September 15. The County Superintendent is required to 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 with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for governing board approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's governing board of the determination and may then 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 will so notify the State Superintendent of Public Instruction, 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) after also consulting with the district's board, develop and impose 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 a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 ("**A.B. 1200**") imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent two fiscal years. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget and Interim Certification History. During the past five years, each of the District's adopted budgets have been approved by the County Superintendent and the District has received positive certifications on all of its interim reports.

District's General Fund. The following table shows the general fund figures for fiscal year 2024-25 (unaudited actuals) and fiscal year 2025-26 (adopted budget).

SAN JACINTO UNIFIED SCHOOL DISTRICT
Revenues, Expenditures, and Changes in General Fund Balance
Fiscal Year 2024-25 (Unaudited Actuals)
Fiscal Year 2025-26 (Adopted Budget)

	Unaudited Actuals 2024-25	Adopted Budget 2025-26
Revenues		
Total LCFF Sources	\$151,090,300	\$153,127,353
Federal Revenues	13,618,886	13,369,739
Other state revenues	34,283,975	33,254,602
Other local revenues	21,733,335	16,007,182
Total Revenues	220,726,495	215,758,876
Expenditures		
Certificated Salaries	83,253,379	88,362,695
Classified Salaries	36,667,228	41,402,387
Employee Benefits	50,556,649	55,819,097
Books and Supplies	10,966,360	15,333,683
Services and Other Operating Expenditures	41,872,035	34,215,329
Capital Outlay	10,869,744	1,508,265
Other Outgo (excluding transfers of indirect costs)	1,961,769	1,340,227
Other Outgo	(459,259)	(308,975)
Total Expenditures	235,687,905	237,672,708
Excess of Revenues Over/(Under) Expenditures	(14,961,410)	(21,913,832)
Other Financing Sources (Uses)		
Operating transfers in		
Operating transfers out	(48,492)	--
Other sources	--	--
Contributions	--	--
Total Other Financing Sources (Uses)	(48,492)	--
Net change in fund balance	(15,009,902)	(21,913,832)
Fund Balance, July 1	94,933,252	79,923,349
Fund Balance, June 30 ⁽¹⁾	\$79,923,349	\$58,009,517

(1) Fund balances do not reflect all funds included in the District's general fund in the audited financial statements shown above.

Source: San Jacinto Unified School District.

District Reserves. The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future.

Under State law, there are certain restrictions on the amounts that can be held in reserve by school districts under certain circumstances. This reserve cap requirement does not apply to small school districts (ADA of fewer than 2,501 students) or school districts funded as Basic Aid school districts. When applicable, the reserve cap requires that a school district's adopted or revised budget not contain a combined assigned or unassigned ending general fund balance of more than 10% of those funds. The applicability of the reserve cap is based on the balance in the State's Public School System Stabilization Account and is triggered in any fiscal year in which when the balance is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements for up to two consecutive fiscal years within a three-year period, if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multi-year infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserve cap. The reserve cap has not been triggered for fiscal year 2025-26.

Attendance - LCFF Funding

Funding Trends under LCFF. As described herein, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth recent LCFF funding per ADA for the District for fiscal years 2019-20 through 2025-26.

SAN JACINTO UNIFIED SCHOOL DISTRICT ADA and LCFF Funding Fiscal Years 2019-20 through 2025-26

Fiscal Year	ADA	LCFF Funding Per ADA
2019-20	9,617	\$11,242
2020-21	9,645	11,060
2021-22	8,978	13,450
2022-23	9,292	14,292
2023-24	9,490	15,636
2024-25 ⁽¹⁾	9,519	15,872
2025-26 ⁽²⁾	9,411	16,271

(1) Unaudited actual.

(2) Budgeted.

Source: State Department of Education for fiscal years 2019-20 through 2023-24; San Jacinto Unified School District for fiscal years 2024-25 and 2025-26.

District's Unduplicated Student Count. Under LCFF, school districts are entitled to supplemental funding based on the unduplicated count of targeted students. The District's percentage of unduplicated students is approximately 85% for purposes of calculating supplemental and concentration grant funding under LCFF. Recent federal deportation efforts may pose a risk to school districts relying on revenue from the LCFF. With the exception of

community supported districts, school districts rely heavily on student attendance and enrollment, including Supplemental and Concentration Grant add-ons for serving a high percentage of English language learner and low income students. If undocumented students, or students who have parents or caretakers that are undocumented or have been granted temporary status, face deportation, districts may experience a decrease in student enrollment or ADA. The District cannot predict potential changes to enrollment or attendance in response to such deportation efforts.

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238(h) itemizes the local revenues that are counted towards the base revenue limit before calculating how much the State must provide in equalization aid. Historically, the more local property taxes a district received, the less State equalization aid it is entitled to.

Under LCFF, a school district whose property tax revenues exceed its funding under the LCFF is entitled to keep its local property tax revenues which exceed its LCFF funding, maintaining its status as a Basic Aid District, now referred to as a "Community Supported District." For school districts that were Basic Aid prior to implementation of the LCFF, such districts are entitled to retain their status as Community Supported and keep their full local property tax revenue entitlement, provided that the per-pupil funding targets under LCFF, including economic recovery targets, are met or exceeded by local property tax revenues. The threshold for Community Supported status under the LCFF, however, is higher than under the prior funding formula, resulting in some districts falling out of Community Supported status as the result of the implementation of the LCFF. The District is not a Community Supported District. Accountability measures contained in the LCFF must be implemented by all districts, including Community Supported Districts.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds Act, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

Since Donald Trump was sworn in as President in January 2025, the federal government has announced possible cuts to federal funding for educational agencies. In addition, President Trump has signed an executive order aimed at dismantling the federal Department of Education

(the “DOE”), from which California school districts receive funding aimed at low-income and special needs students.

If reductions in funding, elimination of the DOE, or staff layoffs are upheld in whole or in part, the District cannot anticipate whether the amount of federal revenues in the District’s general fund will be reduced, or the extent of any reduction, or whether any reduction would occur in the current or any future fiscal year. If federal revenues are delayed, rescinded, or withheld, the District cannot predict whether such delay, rescission, or withdrawal will have a material effect on the finances or operations of the District.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District’s LCFF funding entitlement and its property tax revenues. In addition to such apportionment revenue, the District receives other State revenues.

The District receives State aid from the California State Lottery (the “**Lottery**”), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material. For additional discussion of State aid to school districts, see “- Education Funding Generally.”

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings, leases and rentals.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers’ Retirement System (“**STRS**”) and classified employees are members of the Public Employees’ Retirement System (“**PERS**”). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Purchaser.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. The plan is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. The benefit provisions and contribution amounts are established by State laws, as amended from time to time.

Prior to fiscal year 2014-15, contribution rates were constant and not subject to annual variations. K-14 school districts were required by statute to contribute 8.25% of eligible salary expenditures, and participants contributed 8% of their respective salaries. In September 2013, however, STRS projected that the plan would be depleted in 31 years if existing contribution rates continued and other actuarial assumptions were realized, largely due to significant investment losses.

Assembly Bill 1469 was adopted as part of the State’s fiscal year 2014-15 budget (“**AB 1469**”), aimed at fully funding the unfunded actuarial obligation of STRS with respect to service credited to member of STRS prior to July 1, 2014, within 32 years, by increasing contribution rates of members, K-14 school district employers, and the State. Under AB 1469, employer contributions were proposed to steadily increase over seven years. However, several modifications to the schedule were undertaken in connection with State budgets. Contribution rates for the past several years are summarized in the following table:

STRS EMPLOYER CONTRIBUTION RATES
Effective Dates of July 1, 2020 through July 1, 2025

Effective Date	Employer Contribution Rate
July 1, 2020	16.15%
July 1, 2021	16.92
July 1, 2022	19.10
July 1, 2023	19.10
July 1, 2024	19.10
July 1, 2025	19.10

Source: STRS.

The State also continues to contribute to STRS, and its contribution rate is 8.328% in fiscal year 2025-26.

The District’s recent contributions to STRS including the current budgeted fiscal year are set forth in the following table. These contributions represent 100% of the required contribution for each year.

STRS CONTRIBUTIONS
San Jacinto Unified School District
Fiscal Years 2019-20 through 2025-26

Fiscal Year	Amount
2019-20	\$9,133,669
2020-21	8,956,320
2021-22	10,467,075
2022-23	13,159,410
2023-24	14,718,136
2024-25 ⁽¹⁾	22,382,243
2025-26 ⁽²⁾	23,648,028

(1) Unaudited actual.

(2) Budgeted.

Source: San Jacinto Unified School District.

The STRS defined benefit program continues to have an unfunded actuarial liability estimated at approximately \$88.7 billion, based on a market value of assets, as of June 30, 2024, which is the date of the last actuarial valuation.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS

provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, employers are required to contribute an amount based on an actuarially determined employer rate, and employees make contributions which vary based on their date of hire.

Like the STRS program, PERS has experienced an unfunded liability in recent years. To address this issue, the PERS board has taken a number of actions, including changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates and adopting changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy incrementally lowering its discount rate (its assumed rate of investment return) in years of good investment returns, to help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. SB 90, and Assembly Bill 84/Senate Bill 111 (“**AB 84**”) of June 2020, directed contributions of \$430 million and \$330 million in satisfaction of portions of employer contribution rates in fiscal years 2020-21 and 2021-22, respectively. Recent employer contribution rates are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2019-20 through 2025-26

Fiscal Year	Employer Contribution Rate⁽¹⁾
2019-20	19.721%
2020-21	20.700
2021-22	22.910
2022-23	25.370
2023-24	26.680
2024-25	27.050
2025-26	26.810

(1) Expressed as a percentage of covered payroll.
Source: PERS

The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS EMPLOYER CONTRIBUTIONS
San Jacinto Unified School District
Fiscal Years 2019-20 through 2025-26

Fiscal Year	Amount
2019-20	\$4,067,803
2020-21	4,374,553
2021-22	5,438,132
2022-23	7,380,713
2023-24	8,795,162
2024-25 ⁽¹⁾	9,394,814
2025-26 ⁽²⁾	11,290,431

(1) Unaudited actual.
(2) Budgeted.
Source: San Jacinto Unified School District.

PERS continues to have an unfunded liability which, on a market value of assets basis, was approximately \$40.8 billion, based on a market value of assets, as of June 30, 2024, which is the date of the last actuarial valuation.

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 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information - STRS and PERS. Additional information regarding the District's retirement programs is available in Note 14 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811.

More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.*

Post-Employment Retirement Benefits

Plan Description. 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. Management of the Plan is vested in the District management. At June 30, 2024, the valuation dates, membership of the Plan consists of 28 retirees and 1,106 active employees.

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 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 Plan members and the District are established and may be amended by the District, the Teacher Education Association ("**TEA**"), 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, TEA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2024, the District paid \$187,261 in benefits, of which \$81,736 was used for current premiums and \$105,525 represents the effect of the implicit rate subsidy.

Actuarial Assumptions and Other Inputs. The District's total OPEB liability of \$12,854,139 was measured as of June 30, 2024, and was determined by an actuarial valuation as of the same date. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified: inflation 2.50% per year, salary increases 2.75% and healthcare cost trend rate of 4.00%. Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and School 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 reduction. 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, 2024 valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

Discount Rate. The discount rate of 3.93% was based on the Bond Buyer 20-Bond General Obligation Index.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as shown in the June 30, 2025, audited financial statements, is shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY
San Jacinto Unified School District**

	Total OPEB Liability
Balance at June 30, 2023	\$9,316,153
Service Cost	685,200
Interest	351,201
Difference between actual and expected experience	(1,393,754)
Changes in assumptions	(286,367)
Benefit payments	(73,632)
Changes in benefit terms	1,467,830
Net changes	<u>3,537,986</u>
Balance at June 30, 2024	\$12,854,139

Source: San Jacinto Unified School District.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93% since the previous valuation. There were no changes in benefit terms since the previous valuation.

OPEB Expense. For the year ended June 30, 2025, the District recognized an OPEB expense of \$2,319,324.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of APPENDIX B to the Official Statement.

Insurance – Joint Powers Authorities

The District is a member of the Riverside County Employer/Employee Partnership for Benefits ("REEP"), and Alliance of Schools for Cooperative Insurance Program ("ASCIP") joint powers authorities ("JPAs"). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for these services received are paid to the above mentioned JPAs. The relationships between the District, the pools, and the JPAs are such that they are not component units 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 entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

The District has appointed no board members to the governing board of the JPAs mentioned above. During the year ended June 30, 2024, the District made payments of \$12,177,558, and \$1,093,171, to REEP and ASCIP, respectively, for services received.

For more information regarding the District's participation in risk management and joint powers authorities, see Notes 13 and 16 of APPENDIX B to the Official Statement.

Disclaimer Regarding Cyber Risks

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. [In the previous five years, the District has not experienced a material cyber incident]. 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 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 Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Existing Debt Obligations

General Obligation Bonds. The District has other series of general obligation and refunding general obligation bonds currently outstanding, as summarized in the following table. See also "DEBT SERVICE SCHEDULES" in the body of this Official Statement for the annual debt service requirements of the District's outstanding bonds.

Issue Date	Issue Name	Outstanding Principal as of October 1, 2025
12/23/2014	General Obligation Refunding Bonds, Series 2014*	\$23,835,000
02/22/2017	Election of 2016 General Obligation Bonds, Series 2017	23,745,000
12/29/2022	Election of 2016 General Obligation Bonds, Series 2022	18,030,000
Total		\$65,610,000

* Expected to be refunded with the proceeds of the Refunding Bonds, as described herein.
Source: District's Audit; the Municipal Advisor.

2017 Certificates of Participation. In August 2017, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2017 Financing Certificates of Participation (the "**2017 Certificates**") in the amount of \$4,910,000. The 2017 Certificates were issued at an aggregate price of \$5,086,091 (representing the principal amount of \$4,910,000, plus premium on issuance of \$371,335 and less issuance cost of \$195,244). The 2017 Certificates have a final maturity date of September 1, 2037, with interest rates ranging from 2.00 to 3.25%. Proceeds from the 2017 Certificates, together with other available funds, will be used to finance the acquisition, construction and installation of aquatic facilities at San Jacinto High School. The certificates mature through 2038 as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$215,000	\$129,762	\$344,762
2027	225,000	118,762	343,762
2028	240,000	107,138	347,138
2029	250,000	94,888	344,888
2030-2034	1,415,000	315,763	1,730,763
2035-2038	1,295,000	83,730	1,378,730
TOTAL	\$3,640,000	\$850,043	\$4,490,043

Source: San Jacinto Unified School District.

2020 Refunding Certificates of Participation. In July 2019, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2020 Refunding Certificates of Participation in the amount of \$29,270,000. The Certificates were issued at an aggregate price of \$36,719,909 (representing the principal amount of \$29,270,000, plus premium on issuance of \$5,272,660, plus amounts released from Series 2010 Certificates of \$2,867,725, and less issuance costs of \$690,476). The Certificates have a final maturity date of September 1, 2040, with an interest rate of 5.00%. Proceeds from the Certificates, together with other available funds, were used to refund all of the District's outstanding Certificates of Participation (2010 Refunding). The certificates mature through 2041 as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$1,030,000	\$1,195,500	\$2,225,500
2027	1,090,000	1,142,500	2,232,500
2028	1,140,000	1,086,750	2,226,750
2029	1,195,000	1,028,375	2,223,375
2030-2034	6,930,000	4,160,000	11,090,000
2035-2039	8,850,000	2,197,000	11,047,000
2040-2041	4,190,000	212,250	4,402,250
TOTAL	\$24,425,000	\$11,022,375	\$35,447,375

Source: San Jacinto Unified School District.

2020 Certificates of Participation. In March 2020, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2020 Financing Certificates of Participation in the amount of \$9,495,000. The Certificates were issued at an aggregate price of \$9,009,467 (representing the principal amount of \$9,495,000, less discount on issuance of \$168,901 and less issuance cost of \$316,632). The Certificates have a final maturity date of September 1, 2040, with interest rates ranging from 3.00 to 3.75%. Proceeds from the Certificate, together with other available funds, will be used to finance a portion of the costs of acquisition, construction, installation, improvement and equipping of certain schools and other capital facilities for the benefit of the District. The certificates mature through 2041 as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$395,000	\$248,419	\$643,419
2027	410,000	236,344	646,344
2028	420,000	223,894	643,894
2029	430,000	211,144	641,144
2030-2034	2,365,000	848,922	3,213,922
2035-2039	2,765,000	445,080	3,210,080
2040-2041	1,240,000	42,187	1,282,187
TOTAL	\$8,025,000	\$2,255,990	\$10,280,990

Source: San Jacinto Unified School District.

Capital Leases. The District has entered into agreements to lease various facilities and equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

Equipment. The District entered an agreement to lease a postage meter for five years, beginning April 1, 2021. Under the terms of the lease, the District paid the monthly payments of \$597, which amounted to total principal and interest costs of \$37,607. The annual interest rate charged on the lease is 0.1142%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization of \$14,285 and a lease liability of \$14,310 related to this agreement. During the fiscal year, the District recorded \$7,143 in amortization expense and \$21 in interest expense for the right to use of the copiers.

Classroom Portables. The District entered into multiple agreements to lease classroom portables at De Anza Elementary, Parkhill Elementary, Estudillo Elementary, Hyatt World Language Academy, and San Jacinto Leadership Academy for 7 years, with the earliest beginning April 2018. The leases terminate between April 2024 and March 2027. Under the terms of the lease, the District pays an annual base fee that varies between \$80,909 and 275,926. At June 30, 2024, the District has recognized a right-to-use leased assets, net of accumulated amortization of \$1,056,736 and a lease liability of \$1,158,095 related to this agreement. During the fiscal year, the District recorded \$650,737 in amortization expense and \$68,970 in interest expense for the right to use the classroom portables. The District used a discount rate that varies between 3.3853% and 4.5286%, based on the agreements.

Vehicles. The District entered an agreements to lease buses for 7 years, beginning June 2023. Under the terms of the lease, the District pays an annual base fee of \$327,831. The annual interest rate charged on the lease is 4.3791%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization of \$1,385,992 and a lease liability of \$1,381,319 related to this agreement. During the fiscal year, the District recorded \$277,198 in amortization expense and \$96,592 in interest expense for the right to use the buses.

The following is a summary of future payments on the capital leases:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$721,003	\$94,710	\$815,713
2027	542,222	61,535	603,757
2028	291,823	36,008	327,831
2029	309,304	18,527	327,831
TOTAL	\$1,864,352	\$210,780	\$2,075,132

Source: San Jacinto Unified School District.

San Jacinto Unified School District Financing Authority Bonds. The San Jacinto Unified School District Financing Authority (“**SJUSD FA**”) was created to refinance certain Community Facility Districts’ (“**CFD**”) debt. On August 15, 2017, the SJUSD FA issued \$15,225,000 of Local Agency Bonds, Series 2017. The bonds refinanced the debt for CFDs 2003-2, 2004-3, 2004-4, 2004-5, 2005-1, 2005-2, 2005-4, 2006-1, and 2006-2. The bonds have a final maturity date of September 1, 2043, with interest rates ranging from 2.00 to 5.00%.

On May 29, 2019, the SJUSD FA issued \$32,110,000 of Local Agency Bonds, Series 2019. The bonds refinanced the debt for CFDs 2003-1, 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1, and 2006-2. The bonds have a final maturity date of September 1, 2049, with interest rates ranging from 3.125 to 5.00%.

The bonds mature as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$945,000	\$1,934,213	\$2,879,213
2027	1,000,000	1,898,250	2,898,250
2028	1,260,000	1,848,875	3,108,875
2029	1,345,000	1,791,250	3,136,250
2030-2034	8,300,000	8,008,219	16,308,219
2035-2039	8,920,000	5,976,197	14,896,197
2040-2044	8,575,000	4,246,078	12,821,078
2045-2049	9,980,000	2,029,250	12,009,250
2050	2,655,000	66,375	2,721,375
TOTAL	\$42,980,000	\$27,798,707	\$70,778,707

Source: San Jacinto Unified School District.

Compensated Absences. Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to \$194,574.

Investment of District Funds

In accordance with California Government Code Sections 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the California Government Code. See APPENDIX G to the Official Statement for the County's current investment policy and recent investment report.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "– Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

The information in this section concerning the State's budget or budgets has been compiled from publicly-available information provided by the State or the Legislative Analyst's Office (the "LAO"). Neither the District, the Purchaser nor the County is responsible for the information provided in this section.

State Funding of Education Generally

The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive the majority of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State's general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The State Budget Process

The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year. Under State law, the annual proposed State budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the State budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Resources Relating to State Budgets

Certain information about the State budgeting process and the State budget is available through several State sources. Convenient sources of information include:

- www.treasurer.ca.gov: The California State Treasurer internet home page, under the link to “Bond Finance” and sub-heading “-Public Finance Division”, includes links to recent State official statements and various State financial documents which includes information regarding State budgets and finances.
- www.dof.ca.gov: The California Department of Finance’s (the “**DOF**”) internet home page, under the link to “California Budget”, includes the text of proposed and adopted State Budgets.
- www.lao.ca.gov: The LAO’s internet home page includes a link to “-The Budget” which includes analyses and commentary on fiscal outlooks.

The above references to internet websites shown are shown for reference and convenience only. The information contained within the websites may include outdated information and has not been reviewed for accuracy by the District or the Purchaser. Such information is not incorporated herein by reference.

The 2025-26 State Budget

On June 27, 2025, the Governor signed the fiscal year 2025-26 State Budget (the “**2025-26 State Budget**”). Despite continued uncertainty driven by recent federal policy changes, including broad-based tariffs that have slowed economic growth, the 2025-26 State Budget outlines a balanced fiscal plan while maintaining significant reserves.

The 2025-26 State Budget reflects a decrease of \$11.0 billion in General Fund revenues from 2024-25 (\$215.7 billion in 2025-26 compared to \$226.7 billion in 2024-25) primarily due to projected decreases in corporation and personal income tax collections. The 2025-26 State Budget reflects a decrease in General Fund expenditures of \$5.2 billion from 2024-25 (\$228,366 billion in 2025-26 compared to \$233.5 billion in 2024-25) primarily reflecting broad spending decreases for all major spending categories with the exception of expenditures for health and human services, which sees a significant funding increase driven by the expansion of Medi-Cal.

Regarding the State’s reserves and fund balances, the 2025-26 State Budget continues the drawing down of the State’s Budget Stabilization account that began in fiscal year 2024-25 with a withdrawal of \$7.1 billion and completes the drawdown of the Public School System Stabilization Account with a withdrawal of the remaining \$0.4 billion.

The 2025-26 State Budget projects an \$11.8 billion General Fund shortfall after accounting for reserves drawdowns, driven by rising costs due to growth in Medi-Cal and other core State programs. The 2025-26 State Budget addresses the shortfall primarily through spending reductions and structural reforms, while maintaining support for key programs. The specific solutions used to close the budget gap include the following:

- *Medi-Cal Enrollment Freeze* - \$77.9 million reduction in fiscal year 2025-26, increasing to \$3.3 billion by fiscal year 2028-29.

- *Medi-Cal Premium Collection For Certain Adults* – Initial cost of \$30 million in fiscal year 2026-27, shifting to \$675 million in savings in fiscal year 2028-29 due to collection of Medi-Cal premiums from undocumented adults.
- *Medi-Cal Asset Limit Implementation* – \$61.3 million in fiscal year 2025-26, rising to \$827.4 million by fiscal year 2028-29.
- *Programmatic Reductions* – Reductions in rural health clinics, specialty drug coverage, and pharmacy rebates totaling over \$3.5 billion by fiscal year 2028-29.
- *Ongoing Reductions* – \$221.7 million annually beginning in fiscal year 2026-27 for Quality Incentive Payment Program changes.

The 2025-26 State Budget raises an estimated \$7.8 billion in additional resources, including \$1.3 billion from Medi-Cal rate increase in fiscal year 2025-26, \$4.4 billion in loans from the Medical Providers Interim Payment Fund, \$1.5 billion in loans from additional special funds and interfund borrowing, and a \$7.1 billion withdrawal from the Budget Stabilization Account, as authorized by the prior fiscal year.

Additional balancing measures comprise \$1.2 billion in funding shifts primarily related to the costs of CalFIRE operations moving from the General Fund to the Greenhouse Reduction Fund for Forestry and Fire Protection. The 2025-26 State Budget also makes two future commitments (subject to appropriation) totaling \$457.1 million in fiscal year 2027-28, growing to \$163.2 million in fiscal year 2028-29, for California Food Assistance Program expansion and \$338.9 million in fiscal year 2027-28, growing to \$522.1 million in fiscal year 2028-29, for payment to the State's foster care tiered rate structure.

The 2025-26 State Budget projects total resources available in fiscal year 2024-25 of approximately \$268.7 billion, including revenues and transfers of approximately \$226.7 billion and a prior year balance of approximately \$42.0 billion, and total expenditures in fiscal year 2024-25 of approximately \$233.6 billion. The 2025-26 State Budget projects total resources available for fiscal year 2025-26 of approximately \$250.9 billion, inclusive of revenues and transfers of approximately \$215.7 billion and a prior year balance of approximately \$35.1 billion. The 2025-26 State Budget projects total expenditures in fiscal year 2025-26 of approximately \$228.4 billion, inclusive of non-Proposition 98 expenditures of approximately \$147.6 billion and Proposition 98 expenditures of approximately \$80.7 billion. The 2025-26 State Budget projects total reserve balances of \$15.7 billion at the end of fiscal year 2025-26. This includes \$11.2 billion in the State Rainy Day Fund, \$4.5 billion in the State's SFEU, and \$0 in the Proposition 98 Rainy Day Fund. The 2025-26 State Budget includes total funding of \$137.6 billion for all K-12 education programs, including \$80.5 billion from the State's general fund and \$57.1 billion from other funds. The 2025-26 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2025-26 State Budget include:

Proposition 98 Minimum Guarantee. The 2025-26 State Budget reflects updated estimates of general fund revenues, which result in adjustments to the Proposition 98 minimum guarantee. The revised minimum guarantee for TK-14 schools is estimated at \$98.5 billion for 2023-24, \$119.9 billion for 2024-25, and \$114.6 billion for 2025-26, an increase of approximately \$3.9 billion over the three-year period relative to the 2023-24 State Budget. Because the minimum guarantee for 2024-25 will not be finalized until

the fiscal year is certified in calendar year 2026, the 2025-26 State Budget proactively appropriates the 2024-25 minimum guarantee at \$118 billion, establishing a \$1.9 billion “settle up” to avoid over-appropriation. The 2025-26 State Budget expresses intent to apply any realized settle-up funds toward reducing ongoing TK-14 deferrals and safeguarding core program funding for school districts and community colleges, including funding for growth and cost-of-living adjustments.

The minimum guarantee remains in a Test 2 for 2023-24, though suspended at \$98.5 billion, and shifts to a Test 1 in both 2024-25 and 2025-26. In Test 1 years, the guarantee equals approximately 40 percent of general fund revenues, in addition to local property tax revenues. Under Proposition 98, this calculation is not adjusted for enrollment, which results in increased per-pupil funding. The guarantee is “rebench” to reflect both the continued implementation of universal TK and property tax backfills resulting from the January 2025 wildfires in Los Angeles County. As a result, the applicable Test 1 percentage increases from 39.2 percent to 39.6 percent of general fund revenues.

Proposition 98 Rainy Day Fund. The 2025-26 State Budget maintains the full withdrawal of the \$8.4 billion balance in the Proposition 98 Rainy Day Fund in fiscal year 2023-24. The May Revision to the 2024-25 State Budget Proposal, released on May 10, 2024, included a mandatory deposit of \$540 million into the Rainy Day Fund. However, revised capital gains revenue projections reduce that deposit to \$455 million in fiscal year 2024-25. A year-over-year decrease in the Proposition 98 minimum guarantee triggers a mandatory withdrawal of \$455 million in fiscal year 2025-26, fully exhausting the remaining fund balance.

Proposition 98 Funding Split. In prior years, 10.93 percent of the general fund amounts rebench into the Proposition 98 minimum guarantee for transitional kindergarten expansion were allocated to the community colleges budget, consistent with the statutory Proposition 98 funding split. Over the three-year budget window, this resulted in \$492.4 million being directed to community colleges, leaving TK-12 schools without an equivalent amount to support transitional kindergarten expansion. Beginning in fiscal year 2025-26, the 2025-26 State Budget shifts the full amount of transitional kindergarten expansion funding (\$232.9 million) to the TK-12 portion of the Proposition 98 budget.

Local Control Funding Formula. The 2025-26 State Budget includes a 2.3 percent cost-of-living adjustment to LCFF. Combined with population growth adjustments, this results in an additional \$2.1 billion in discretionary funding for local educational agencies (“LEAs”) relative to the 2024-25 State Budget. To fully fund LCFF costs in fiscal year 2025-26, the 2025-26 State Budget withdraws approximately \$405.3 million from the Proposition 98 Rainy Day Fund.

Deferrals. The 2025-26 State Budget fully repays \$246.6 million in TK-12 education deferrals from fiscal year 2024-25. However, in order to maintain principal apportionment levels in 2025-26, the 2025-26 State Budget defers \$1.9 billion in LCFF funding from June 2026 to July 2026.

Universal Transitional Kindergarten. To support full implementation of universal transitional kindergarten by September 1, 2025, the 2025-26 State Budget provides \$2.1 billion in ongoing Proposition 98 general fund resources, inclusive of all prior years’ investments. An additional \$1.2 billion in ongoing Proposition 98 general fund resources is included to reduce the average student-to-adult ratio from 12:1 to 10:1.

Before School, After School, and Summer School. To increase access to the Expanded Learning Opportunities Program, the 2025-26 State Budget provides \$515.1 million in ongoing funds, broadening eligibility from LEAs with a 75 percent unduplicated pupil rate to those with a 55 percent rate. Additionally, \$10.4 million is provided to increase the minimum grant per LEA from \$50,000 to \$100,000.

Literacy Instruction. The 2025-26 State Budget allocates \$480 million to enhance literacy instruction aligned with the English Language Arts/English Language Development Framework for all students.

Teacher Professional Development and Preparation. To support teachers and strengthen the educator pipeline, the 2025-26 State Budget provides \$300 million in one-time Proposition 98 general fund resources for a Student Teacher Stipend Program, which will offer grants to teacher candidates completing student teaching between 2026-27 and 2028-29. An additional \$70 million of one-time Proposition 98 general fund resources supports teacher residency programs, and \$30 million in one-time Proposition 98 general fund resources extends the National Board Certification Incentive Program to encourage placement of certified teachers in high-poverty schools.

Student Support and Professional Development Discretionary Block Grant. The 2025-26 State Budget provides \$1.7 billion in one-time Proposition 98 general fund resources for the Student Support and Professional Development Discretionary Block Grant to assist LEAs with rising costs and advancing statewide priorities.

State Preschool Program. To enhance early childhood education, the 2025-26 State Budget includes approximately \$19.3 million of Proposition 98 general fund resources and \$10.2 million in non-Proposition 98 general fund resources for the California State Preschool Program. It further authorizes the Department of Education to expand State Preschool Program provider contracts for three-year-olds by 10 percent, implement prospective pay, and automate contract payments.

Other Significant Budget Adjustments. The 2025-26 State Budget includes \$378.6 million in one-time Proposition 98 general fund resources for learning recovery initiatives through 2027-28, \$150 million for career technical education and pathways programs pending legislation, and \$145 to improve school meal infrastructure. An additional \$10 million is allocated for school food service workforce requirement and \$5 million for a study of ultra-processed foods offered in State school meals.

Further allocations include \$30 million over three years for Special Olympics programs in Northern and Southern California; \$30 million for the Mathematics Professional Learning Partnership; \$21.9 million in ongoing funding for the SUN Bucks Program, which provides summer nutrition support; and \$20 million to implement the Children and Youth Behavioral Health Initiative's all-payer fee schedule.

The 2025-26 State Budget also provides approximately \$10 million for a pilot program, administered by the California Collaborative of Educational Excellence, to support middle and high school redesign and peer learning. Another \$10 million to the California Department of Education supports the development of a screener to identify multilingual learners in transitional kindergarten and authorizes the State Superintendent of Public Instruction to adopt a screening instrument for children ages 3-4 enrolled in transitional kindergarten classrooms. Finally, \$7.5 million is available through the 2026-27 fiscal year

to offset potential LCFF apportionment reductions caused by the recent exemption of transitional kindergarten students from the English language proficiency assessment.

For the full text of the 2025-26 State Budget, see the California Department of Finance website at www.dof.ca.gov or www.ebudget.ca.gov. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Purchaser for accuracy or completeness.*

Disclaimer Regarding State Budgets

The execution of State budgets may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2025-26 State Budget or subsequent State budgets, or future changes (if any) in the budget due to shifts in the economy or other factors, will have on its own finances and operations. However, the Bonds described herein are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Purchaser or the owners of the Bonds to provide State Budget information to the District or the owners of the Bonds. Although the sources of information provided herein are known to be reliable, neither the District nor the Purchaser assume any responsibility for the accuracy of the budget information set forth or referred to in this Official Statement or incorporated herein.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory provisions relating to education funding in the State has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto, and how such events could impact the District and its finances.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* tax levied by the County for the payment thereof. Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111 and 218, 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 District 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 District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIII A and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (iii) of the immediately preceding sentence. Article XIII A defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

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

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Legislation Implementing Article XIII A. Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home’s taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to “recapture” the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The SBE has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year’s assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the “recapture” provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

Article XIII B (“**Article XIII B**”) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from

certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, 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.

Articles XIII C and XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, "**Article XIII C**" and "**Article XIII D**"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as 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; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C 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 XIID. 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 XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 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 District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIB

surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" ("**Proposition 111**") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts 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 is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita* personal income) and enrollment (the "**second test**"). Under Proposition 111, schools will receive the

greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California *per capita* personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change 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 will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. Constitutional amendments may be changed only with another statewide vote. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by Proposition 39 are K-12 school districts including the District, community college districts, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary school district or high school district), or \$25 (for a community college district), per \$100,000 of taxable property value. 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.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended 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-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, 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 amended 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.

Proposition 22, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State’s authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State’s general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “**Proposition 30**”), temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013, to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. 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 \$300,000 for single filers (over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers).

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “Proposition 98” and “Proposition 111” above. From an accounting

perspective, the revenues generated from the temporary tax increases will be 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 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 boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016, general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax increases of Proposition 30.

Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act (“**Proposition 2**”) was approved by California voters on November 4, 2014. Proposition 2 triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the BSA established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in fiscal year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the BSA in an amount equal to 1.5% of estimated State general fund revenues (the “Annual Stabilization Account Transfer”). For a fiscal year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the BSA (a “**Supplemental Stabilization Account Transfer**”) are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the BSA.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the BSA to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold. For the period from fiscal year 2015-16 through fiscal year 2029-30, Proposition 2 requires that half of any such transfer to the BSA (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After fiscal year 2029-30, 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 and any amount not so applied shall be transferred to the BSA or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the BSA are impacted by Proposition 2. Unilateral discretion to suspend transfers to the BSA are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the BSA for any reason, as was previously provided by law. Instead, the Governor must declare a “budget emergency” (defined as an emergency within the meaning of Article XIII B of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, 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, and 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 the funds on deposit in the BSA, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the “**Public School System Stabilization Account**”) into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to school districts and community college districts as part of the minimum funding guarantee. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (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 Public School System Stabilization Account 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 Public School System Stabilization Account 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 Public School System Stabilization Account transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, 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, Proposition 2 also mandates draws on the Public School System Stabilization Account. The Proposition 2 constitutional amendments related to the Rainy Day Fund (i) require deposits into the Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year’s deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year’s deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the “Public School System Stabilization Account”) to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("**Proposition 19**"), which amended Article XIII A to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for 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 anywhere within the State, (ii) narrow as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocate most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Proposition 2 (2024)

The Kindergarten Through Grade 12 Schools and Local Community College Public Education Facilities Modernization, Repair and Safety Bond Act of 2024 (also known as Proposition 2 and referred to herein as "Proposition 2 (2024)") is a voter initiative that was approved by voters on November 5, 2024. Proposition 2 (2024) authorizes the sale and issuance of \$10 billion in general obligation bonds for the repair, upgrade, and construction of facilities at K-12 public schools (including charter schools), community colleges, and career technical education programs, including for the improvement of health and safety conditions and classroom upgrades.

K-12 School Facilities. Proposition 2 (2024) includes \$3.3 billion for the new construction of K-12 facilities and an additional \$4 billion for the modernization of existing K-12 facilities, up to 10% of each allocated amount to be reserved for small school districts with an enrollment of fewer than 2,501 students. Of the \$4 billion available in modernization funds, up to \$115 million is available to be used for reducing lead levels in water at school facilities. Generally, K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. However, some school districts that have lower assessed property values and meet certain other socio-economic criteria will be required to pay as low as 45% and 35% of new construction costs and modernization costs, respectively. In addition, a total of \$1.2 billion will be available for the modernization and new construction of charter school (\$600 million) and technical education (\$600 million) facilities. The State will award funds to career technical education and charter schools through an application process, and charter schools must be deemed financially sound before project approval.

The District makes no guarantees that it will either pursue or qualify for Proposition 2 (2024) State facilities funding

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30, 39 and 55 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

APPENDIX B

**SAN JACINTO UNIFIED SCHOOL DISTRICT
AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2023-24**

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Financial Statements
June 30, 2024

San Jacinto Unified School District

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Independent Auditor's Report

To the Governing Board
San Jacinto Unified School District
San Jacinto, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of San Jacinto Unified School District (the District) as of and for the year ended June 30, 2024, 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, each major fund, and the aggregate remaining fund information of San Jacinto Unified School District as of June 30, 2024, and the respective changes in financial position 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.

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 Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Education Agency Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 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, 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.

A handwritten signature in black ink that reads "Esde Sully LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 2, 2024



TO: This section of San Jacinto Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2024, with comparative information for the year ended June 30, 2023. 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 Governmental 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 the governmental activities of the District. These statements include all assets of the District (including capital 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 two categories of activities: governmental and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified 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 San Jacinto Unified School District.

Dr. David Pyle, District Superintendent

Dr. Karen Kirschinger
Assistant Superintendent - Personnel Services

Seth Heeren
Assistant Superintendent - Business Services

John Roach
Assistant Superintendent - Educational Services

Board of Trustees

John I. Norman, President • Jasmin Rubio, Vice-President • Sandra Peñaloza, Clerk • Nalaisha Burnett, Member • Trica Ojeda, Member

REPORTING THE DISTRICT AS A WHOLE

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 Governing 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 report 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 general obligation bonds, finance these activities.

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 - Most of 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.

THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for the non-obligatory debt related to the Community Facilities Districts. The District's fiduciary activities are reported in the Statement of Fiduciary 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.

THE DISTRICT AS A WHOLE

Net Position

The District's net position was \$223,891,854 for the fiscal year ended June 30, 2024. Of this amount, \$(57,695,007) was an unrestricted deficit. Restricted net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use those 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 activities.

Table 1

	Governmental Activities	
	2024	2023
Assets		
Current and other assets	\$ 229,206,976	\$ 230,376,661
Capital assets	<u>289,282,288</u>	<u>267,335,174</u>
Total assets	<u>518,489,264</u>	<u>497,711,835</u>
Deferred outflows of resources	<u>59,391,252</u>	<u>45,369,404</u>
Liabilities		
Current liabilities	19,343,235	20,872,151
Long-term liabilities	<u>322,432,426</u>	<u>308,207,875</u>
Total liabilities	<u>341,775,661</u>	<u>329,080,026</u>
Deferred inflows of resources	<u>12,213,001</u>	<u>16,636,549</u>
Net Position		
Net investment in capital assets	202,994,735	184,357,688
Restricted	78,592,126	75,155,314
Unrestricted (deficit)	<u>(57,695,007)</u>	<u>(62,148,338)</u>
Total net position	<u><u>\$ 223,891,854</u></u>	<u><u>\$ 197,364,664</u></u>

The \$(57,695,007) in unrestricted (deficit) net position of governmental activities represents the accumulated results of all past years' operations.

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 15. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

	Governmental Activities	
	2024	2023
Revenues		
Program revenues		
Charges for services and sales	\$ 2,638,667	\$ 1,757,858
Operating grants and contributions	78,703,157	83,347,221
Capital grants and contributions	79,239	21,306,120
General revenues		
Federal and State aid not restricted	133,778,582	125,803,149
Property taxes	32,791,183	29,087,978
Other general revenues	12,100,405	2,373,085
Total revenues	<u>260,091,233</u>	<u>263,675,411</u>
Expenses		
Instruction-related	171,675,529	142,896,289
Pupil services	29,153,388	23,238,732
Administration	8,421,854	11,211,622
Plant services	17,250,452	18,262,840
All other services	7,062,820	7,847,583
Total expenses	<u>233,564,043</u>	<u>203,457,066</u>
Change in net position	<u>\$ 26,527,190</u>	<u>\$ 60,218,345</u>

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all of our governmental activities this year was \$233,564,043. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only \$32,791,183 because the cost was paid by those who benefited from the programs (\$2,638,667) or by other governments and organizations who subsidized certain programs with grants and contributions (\$78,782,396). We paid for the remaining "public benefit" portion of our governmental activities with \$145,878,987 in Federal and State aid, and with other revenues, like interest and general entitlements.

In Table 3, we have presented the cost of each of the District's largest functions: instruction-related, pupil services, administration, plant services, and all other services, as well as each program's *net* cost (total cost less revenues generated by the activities). 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	
	2024	2023	2024	2023
Instruction-related	\$ 171,675,529	\$ 142,896,289	\$ (112,590,580)	\$ (56,852,451)
Pupil services	29,153,388	23,238,732	(13,221,323)	(7,723,242)
Administration	8,421,854	11,211,622	(7,184,836)	(9,551,775)
Plant services	17,250,452	18,262,840	(16,491,570)	(17,759,510)
All other services	7,062,820	7,847,583	(2,654,671)	(5,158,889)
Total	<u>\$ 233,564,043</u>	<u>\$ 203,457,066</u>	<u>\$ (152,142,980)</u>	<u>\$ (97,045,867)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$168,620,704, which is an increase of \$1,009,524 from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	July 1, 2023	Revenues and Other Sources	Expenditures and Other Uses	June 30, 2024
General	\$ 88,376,279	\$ 224,447,527	\$ 217,890,554	\$ 94,933,252
Student Activity	512,105	735,836	659,960	587,981
Adult Education	233,798	525,235	575,615	183,418
Child Development	102,502	2,256,706	1,873,151	486,057
Cafeteria	7,774,461	13,612,048	13,555,394	7,831,115
Deferred Maintenance	-	11,741	11,741	-
Building	44,035,358	2,457,165	14,362,244	32,130,279
Capital Facilities	897,284	1,060,637	136,881	1,821,040
County School Facilities	1,773,185	93,587	-	1,866,772
CFD Capital Project	1,128,767	2,955,519	323,055	3,761,231
Bond Interest and Redemption	8,881,684	8,063,527	6,034,650	10,910,561
CFD Debt Service	13,893,900	4,659,492	4,446,457	14,106,935
COP Debt Service	1,857	3,225,988	3,225,782	2,063
Total	<u>\$ 167,611,180</u>	<u>\$ 264,105,008</u>	<u>\$ 263,095,484</u>	<u>\$ 168,620,704</u>

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 in June 2024 (a schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 71).

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

At June 30, 2024, the District had \$289,282,288 in a broad range of capital assets (net of depreciation and amortization), including land, construction in progress, buildings, furniture, equipment, right-to-use leased assets, and right-to-use subscription IT assets. This amount represents a net increase (including additions, deductions, depreciation, and amortization) of \$21,947,114 from last year (Table 5).

Table 5

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 39,076,666	\$ 24,291,126
Buildings and improvements	239,905,401	232,557,282
Equipment	7,377,840	6,009,423
Right-to-use leased assets	2,457,013	3,392,091
Right-to-use subscription IT assets	465,368	1,085,252
Total	<u>\$ 289,282,288</u>	<u>\$ 267,335,174</u>

This year's land and construction expenditures included the following: continued construction for Rose Salgado Elementary, construction and design of modular classrooms and an administrative building to support the Expanded Learning Opportunities Program at multiple sites, a new track at Hyatt World Language Academy, completion of a new science lab at San Jacinto Leadership Academy, new pre-school playground upgrades at DeAnza Elementary and Hyatt World Language Academy, and near completion of significant HVAC upgrades at multiple sites.

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities Other than OPEB and Pension

At the end of this year, the District had \$166,961,803 in long-term liabilities other than OPEB and pension outstanding versus \$173,648,266 last year, a decrease of 3.85%. Long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2024	2023
Long-Term Liabilities		
General obligation bonds	\$ 72,650,000	\$ 75,310,000
Certificates of participation	37,665,000	39,175,000
Unamortized premiums/(discounts), net	9,786,854	10,562,945
Lease liability	2,553,724	3,460,205
Subscription-based IT arrangements	266,651	422,360
SJUSD Financing Authority local agency bonds	43,845,000	44,580,000
Compensated absences	194,574	137,756
	<u>\$ 166,961,803</u>	<u>\$ 173,648,266</u>
Total		

We present more detailed information regarding our long-term liabilities in Note 9 of the financial statements.

At year-end, the District has an aggregate net other postemployment benefit (OPEB) liability of \$9,819,438 versus \$9,737,353 last year, an increase of \$82,085.

At year-end, the District has an aggregate net pension liability of \$145,651,185 versus \$124,822,256 last year, an increase of \$20,828,929.

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2023-2024 ARE NOTED BELOW:

Facility Highlights

- Ongoing construction of Rose Salgado Elementary.
- Construction and design of modular classrooms and an administrative building to support the Expanded Learning Opportunities Program at multiple sites.
- Construction of a new track at Hyatt World Language Academy.
- Completion of a new science lab at San Jacinto Leadership Academy.
- New pre-school playground upgrades at DeAnza Elementary and Hyatt World Language Academy.
- Significant HVAC upgrades at multiple sites.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2024-2025 year, the Governing Board and management used the following criteria:

The key assumptions in our revenue forecast are:

- 1. Effective COLA at 1.07%.
- 2. Unduplicated pupil count of 89.97%.
- 3. Funded Average Daily Attendance of 9,515.22.

Expenditures are based on the following enrollment forecasts:

	Staffing Ratio	Enrollment
Grades transitional kindergarten through third	28:1	3,308
Grades four through eight	28:1	4,044
Grades nine through twelve	30:1	3,049

Furthermore, in 2023-24 the District took action to commit \$21,806,380 for budget contingencies and declining enrollment.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and 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 financial information, contact Luke Smith, Executive Director of Business Services, at San Jacinto Unified School District, 2045 South San Jacinto Avenue, San Jacinto, California, 92583, or e-mail at lsmith@sanjacinto.k12.ca.us.

San Jacinto Unified School District

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 173,681,053
Receivables	11,349,582
Long-term receivable	43,845,000
Stores inventories	331,341
Capital assets not depreciated or amortized	39,076,666
Capital assets, net of accumulated depreciation and amortization	<u>250,205,622</u>
Total assets	<u>518,489,264</u>
Deferred Outflows of Resources	
Deferred charge on refunding	743,166
Deferred outflows of resources related to OPEB	2,430,515
Deferred outflows of resources related to pensions	<u>56,217,571</u>
Total deferred outflows of resources	<u>59,391,252</u>
Liabilities	
Accounts payable	15,239,402
Interest payable	2,601,963
Unearned revenue	1,501,870
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	6,950,945
OPEB liability due in one year	380,314
Long-term liabilities other than OPEB and pensions due in more than one year	160,010,858
Aggregate net other postemployment benefits (OPEB) liability	9,439,124
Aggregate net pension liability	<u>145,651,185</u>
Total liabilities	<u>341,775,661</u>
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	6,718,192
Deferred inflows of resources related to pensions	<u>5,494,809</u>
Total deferred inflows of resources	<u>12,213,001</u>
Net Position	
Net investment in capital assets	202,994,735
Restricted for	
Debt service	22,417,596
Capital projects	3,687,812
Educational programs	43,729,688
Other restrictions	8,757,030
Unrestricted (deficit)	<u>(57,695,007)</u>
Total net position	<u>\$ 223,891,854</u>

San Jacinto Unified School District
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 142,509,230	\$ 1,153,816	\$ 53,529,794	\$ 79,239	\$ (87,746,381)
Instruction-related activities					
Supervision of instruction	6,938,937	15,146	1,680,508	-	(5,243,283)
Instructional library, media, and technology	1,294,696	-	4,466	-	(1,290,230)
School site administration	20,932,666	358,477	2,263,503	-	(18,310,686)
Pupil services					
Home-to-school transportation	3,884,558	-	3,919	-	(3,880,639)
Food services	12,050,574	1,001	13,322,603	-	1,273,030
All other pupil services	13,218,256	76,891	2,527,651	-	(10,613,714)
Administration					
Data processing	1,166,265	-	-	-	(1,166,265)
All other administration	7,255,589	51,160	1,185,858	-	(6,018,571)
Plant services	17,250,452	156,935	601,947	-	(16,491,570)
Ancillary services	659,960	-	735,836	-	75,876
Interest on long-term liabilities	6,441,979	-	-	-	(6,441,979)
Other outgo	(39,119)	825,241	2,847,072	-	3,711,432
Total governmental activities	<u>\$ 233,564,043</u>	<u>\$ 2,638,667</u>	<u>\$ 78,703,157</u>	<u>\$ 79,239</u>	<u>(152,142,980)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					18,603,884
Property taxes, levied for debt service					11,690,527
Taxes levied for other specific purposes					2,496,772
Federal and State aid not restricted to specific purposes					133,778,582
Interest and investment earnings					7,892,474
Interagency revenues (expenditures)					(131,583)
Miscellaneous					4,339,514
Subtotal, general revenues and subventions					<u>178,670,170</u>
Change in Net Position					26,527,190
Net Position - Beginning					<u>197,364,664</u>
Net Position - Ending					<u>\$ 223,891,854</u>

San Jacinto Unified School District

Balance Sheet – Governmental Funds

June 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 99,899,601	\$ 33,996,588	\$ 39,784,864	\$ 173,681,053
Receivables	8,066,667	429,121	2,853,794	11,349,582
Due from other funds	572,061	-	210,720	782,781
Stores inventories	-	-	331,341	331,341
Total assets	\$ 108,538,329	\$ 34,425,709	\$ 43,180,719	\$ 186,144,757
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 12,071,388	\$ 2,295,430	\$ 872,584	\$ 15,239,402
Due to other funds	210,720	-	572,061	782,781
Unearned revenue	1,322,969	-	178,901	1,501,870
Total liabilities	13,605,077	2,295,430	1,623,546	17,524,053
Fund Balances				
Nonspendable	10,000	-	331,541	341,541
Restricted	43,729,688	32,130,279	41,225,632	117,085,599
Assigned	29,438,587	-	-	29,438,587
Unassigned	21,754,977	-	-	21,754,977
Total fund balances	94,933,252	32,130,279	41,557,173	168,620,704
Total liabilities and fund balances	\$ 108,538,329	\$ 34,425,709	\$ 43,180,719	\$ 186,144,757

San Jacinto Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balances - Governmental Funds		\$ 168,620,704
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	\$ 408,496,242	
Accumulated depreciation and amortization is	<u>(119,213,954)</u>	
Net capital assets		289,282,288
Receivables related to San Jacinto Unified School District Financing Authority are not received in the near term (within a year) and therefore, are not reported as receivables in the governmental funds. Current year collections totaling \$735,000 were received, leaving a balance of \$43,845,000.		
		43,845,000
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.		
		(2,601,963)
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)	743,166	
Aggregate net other postemployment benefits (OPEB)	2,430,515	
Aggregate net pension liability	<u>56,217,571</u>	
Total deferred outflows of resources		59,391,252
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:		
Aggregate net other postemployment benefits (OPEB)	(6,718,192)	
Aggregate net pension liability	<u>(5,494,809)</u>	
Total deferred inflows of resources		(12,213,001)
Aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(145,651,185)
Aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(9,819,438)

San Jacinto Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

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 (including premium)	\$ (78,119,148)	
Certificates of participation (including premium and discount)	(41,982,706)	
Lease liability	(2,553,724)	
Subscription-based IT arrangements	(266,651)	
SJUSD Financing Authority local agency bonds	(43,845,000)	
Compensated absences	<u>(194,574)</u>	
Total long-term liabilities		<u>\$ (166,961,803)</u>
Total net position - governmental activities		<u><u>\$ 223,891,854</u></u>

San Jacinto Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2024

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local Control Funding Formula (LCFF)	\$ 148,390,574	\$ -	\$ -	\$ 148,390,574
Federal sources	20,651,023	-	9,666,784	30,317,807
Other State sources	32,897,457	-	3,736,140	36,633,597
Other local sources	22,268,352	2,457,165	21,737,668	46,463,185
Total revenues	224,207,406	2,457,165	35,140,592	261,805,163
Expenditures				
Current				
Instruction	132,333,659	-	1,394,659	133,728,318
Instruction-related activities				
Supervision of instruction	6,471,831	-	15,146	6,486,977
Instructional library, media, and technology	1,190,698	-	-	1,190,698
School site administration	19,005,748	-	535,897	19,541,645
Pupil services				
Home-to-school transportation	3,649,389	-	-	3,649,389
Food services	690,214	-	11,345,046	12,035,260
All other pupil services	12,277,899	-	156,548	12,434,447
Administration				
Data processing	1,266,300	-	-	1,266,300
All other administration	6,761,657	-	420,836	7,182,493
Plant services	19,789,182	-	621,435	20,410,617
Ancillary services	-	-	659,960	659,960
Other outgo	105,228	-	222,264	327,492
Facility acquisition and construction	12,708,135	14,362,244	1,954,041	29,024,420
Debt service				
Principal	1,302,311	-	4,912,170	6,214,481
Interest and other	165,561	-	7,091,483	7,257,044
Total expenditures	217,717,812	14,362,244	29,329,485	261,409,541
Excess (Deficiency) of Revenues Over Expenditures	6,489,594	(11,905,079)	5,811,107	395,622
Other Financing Sources (Uses)				
Transfers in	-	-	2,052,554	2,052,554
Other sources - proceeds from issuance of SBITAs	240,121	-	7,170	247,291
Transfers out	(172,742)	-	(1,513,201)	(1,685,943)
Net Financing Sources (Uses)	67,379	-	546,523	613,902
Net Change in Fund Balances	6,556,973	(11,905,079)	6,357,630	1,009,524
Fund Balance - Beginning	88,376,279	44,035,358	35,199,543	167,611,180
Fund Balance - Ending	\$ 94,933,252	\$ 32,130,279	\$ 41,557,173	\$ 168,620,704

San Jacinto Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 1,009,524
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay 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 expense in the Statement of Activities.

This is the amount by which capital outlay exceeds depreciation and amortization expense in the period.

Capital outlay	\$ 35,067,150
Depreciation and amortization expense	<u>(13,120,036)</u>

Net expense adjustment	21,947,114
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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.

(247,291)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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 earned and used.

(56,818)

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 aggregate net pension liability during the year.

(2,163,274)

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 deferred outflows, deferred inflows, and aggregate net OPEB liability during the year.

(256,611)

San Jacinto Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

The collection of tax assessments are revenues in the governmental funds, but it reduces long-term receivables in the Statement of Net Position and does not effect the Statement of Activities.		\$ (735,000)
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 amortization		784,330
Discount amortization		(8,239)
Deferred charge on refunding amortization		(45,733)
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		2,660,000
Certificates of participation		1,510,000
SJUSD Financing Authority local agency bonds		735,000
Lease liability		906,481
Subscription-based IT arrangements		403,000
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.		
		<u>84,707</u>
Change in net position of governmental activities		<u><u>\$ 26,527,190</u></u>

San Jacinto Unified School District
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	<u>\$ 3,679,877</u>
Net Position	
Restricted for individuals, organizations, and other governments	<u>\$ 3,679,877</u>

San Jacinto Unified School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	<u>Custodial Funds</u>
Additions	
Contributions	
Property tax collections	\$ 1,034,889
Operating transfers in	2,557
Other local revenues	<u>263,400</u>
Total contributions	<u>1,300,846</u>
Investment earnings	
Interest	<u>259,870</u>
Total additions	<u>1,560,716</u>
Deductions	
Administrative expenses	19,597
Debt service payments	749,009
Operating transfers out	<u>369,168</u>
Total deductions	<u>1,137,774</u>
Change In Fiduciary Net Position	422,942
Net Position - Beginning	<u>3,256,935</u>
Net Position - Ending	<u><u>\$ 3,679,877</u></u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

The San Jacinto Unified School District (the District) was unified on March 29, 1944, under the laws of the State of California. The District operates under a locally elected five-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 seven elementary schools, three middle schools, one comprehensive high school, one alternative high school, one adult education school, two Head Start preschools, one delegate State preschool, and one direct State preschool.

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, boards, and agencies that are not legally separate from the District. For the 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 have 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 is 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.

On August 20, 1990, members of the District's board of education and district employees formed a nonprofit benefit corporation, known as the San Jacinto Unified School District School Facilities Corporation (the Corporation), which is organized under Nonprofit Benefit Corporation Law of the State of California. The purpose of the Facilities Corporation is to provide financing assistance to the District for construction and acquisition of major capital facilities. The Corporation issued Certificates of Participation (COPs), a form of long-term liabilities, which the District used to finance construction and acquisition of some of its facilities.

The Facilities Corporation's financial activity is presented in the financial statements as the COP Debt Service Fund. Certificates of participation issued by the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements of the Facilities Corporation may be obtained through the business office of the District.

On June 1, 2017, members of the District's board of education and district employees formed a Joint Powers Act under *Section 6500 of the California Government Code*, known as the San Jacinto Unified School District Financing Authority. The purpose of the Financing Authority is to provide financing assistance to the District for construction and acquisition of major capital facilities under Community Facilities District's.

The Community Facilities District (CFD's) financial activity is presented in the financial statements as the CFD Capital Projects Fund and CFD Debt Service Fund. Individually prepared financial statements of the San Jacinto Unified School District's Financing Authority may be obtained through the business office of the District.

Pursuant to the Mello-Roos Community Facilities Act of 1982, the District established the Community Facilities Districts Nos. 2003-1, 2003-2, 2003-3, 2004-3, 2004-5, 2005-1, 2005-2, 2005-4, 2006-1, 2006-2, 2020-01, and 2022-01, legally constituted government entities, for the purpose of financing special capital projects. The Community Facilities District were authorized, at special elections, to incur indebtedness and subsequently sold bonds for the purpose of providing educational facilities within the District boundaries. The repayment of the bonds are not a general or special obligation of the Community Facilities District and the District, but rather are limited obligations payable solely from the proceeds of special taxes levied on property within the Community Facilities District.

The Community Facilities Districts' financial activity is presented in the financial statements in the CFD Capital Project Fund, and in the custodial funds.

The following are those aspects of the relationship between the District and the Community Facilities Districts, which satisfy Statement Three criteria.

1. Manifestations of Oversight

The Community Facilities Districts and the District have common boards.

The Community Facilities Districts have no employees. The District's Superintendent functions as an agent of the Community Facilities District.

The District exercises significant influence over operations of the Community Facilities Districts as all projects of the Community Facilities Districts involve the San Jacinto Unified School District.

2. Accountability for Fiscal Matters

The District is responsible for preparation of the annual budgets for the Community Facilities Districts.

3. Scope of Public Service

The Community Facilities Districts were created specifically to finance capital improvements for the San Jacinto Unified School District.

Other Related Entities

Charter School The District has approved a charter for San Jacinto Valley Academy pursuant to *Education Code* Section 47605. The San Jacinto Valley Academy was granted and approved on June 9, 1997, for a term of three years commencing July 1, 1997. The charter was renewed an additional five-year extension on July 1, 2019; extending the term through August 30, 2024.

The San Jacinto Valley Academy Charter School (the Charter School) is not operated by the District. The Charter School operates and provides school services as in independent entity and is not considered a component unit of the District. The District's General Fund includes property taxes received for the charter school and a corresponding expense in other outgo.

The Charter School is required in its individual charter agreement to have an annual financial audit performed. Additionally, the Charter School is to provide the District with an annual performance report.

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 out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental 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.

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.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for 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).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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).
- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

- **Community Facilities District (CFD) Capital Projects Fund** The CFD Capital Projects Fund 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 is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).
- **Community Facilities District (CFD) Debt Service Fund** The CFD Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mark-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).
- **Certificates of Participation (COP) Debt Service Fund** The COP Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on certificates of participation and are considered blended component units of the District under generally accepted accounting principles (GAAP).

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.

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 are for the Community Facilities Districts debt service funds.

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 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 governmental function and excludes 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 of capital assets 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, 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 restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental 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.

- **Governmental Funds** All governmental funds are accounted for using the 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 reconciliations 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 governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **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 restrictions. 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 as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds, but are recognized in the government-wide statements.

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, including money market investments and certificates of deposit with original maturities greater than one year are stated at cost or amortized cost. Fair values of investments in county investment pools are determined by the program sponsor.

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

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 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. 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 Statement of Net Position. The valuation basis for capital assets is 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.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 or 50 years; improvements, 20 years; equipment, 5 to 20 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, 2024.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

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 assets are amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

in the 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 activities columns of the Statement of Net Position.

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 0.004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide 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, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities 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 governmental activities Statement of Net Position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight line method, which approximates the effective interest method. All other bond issuance cost are expensed when incurred.

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 services 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, OPEB and 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 OPEB and pension related items.

Pensions

For purposes of measuring the aggregate net pension liability, 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 aggregate net pension liability attributable to the governmental activities will be paid primarily by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the aggregate 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 and CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District plan and the MPP. For this purpose, the District 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 aggregate net OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases

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

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement 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-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement 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-based IT arrangement liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 1.5 to 3 years.

Fund Balances - Governmental Funds

As of June 30, 2024, 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.

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, Superintendent, or designee 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 one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than 3% of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position related to net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, 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, 2024. 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 \$78,592,126 of restricted net position which is restricted by enabling legislation and the fiduciary fund financial statements report \$3,679,877 of restricted net position.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the Statement of Activities.

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, and those differences could be material.

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.

Adoption of New Accounting Standard**Implementation of GASB Statement No. 100**

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 173,681,053
Fiduciary funds	<u>3,679,877</u>
Total deposits and investments	<u>\$ 177,360,930</u>

Deposits and investments as of June 30, 2024, consisted of the following:

Cash on hand and in banks	\$ 585,741
Cash in revolving	10,200
Investments	<u>176,764,989</u>
Total deposits and investments	<u>\$ 177,360,930</u>

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 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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the *California Government Code* or the County's investment policy. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The 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 certificates of deposit, money market funds, the Riverside County Treasury Investment Pool, and having the pool purchase 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.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Reported Amount	Average Maturity in Days	Rating
Money Market Funds - Invesco Short-Term Investments Trust Treasury	\$ 8,961,608	20	AAAm
Money Market Funds - Fidelity Government Portfolio	4,149,133	25	AAAm
Money Market Funds - Fidelity Treasury Portfolio	7,657,314	33	AAAm
Money Market Funds - US Bank Money Market Account	779,988	N/A	A+
Money Market Funds - First American Government Market Account	2,063	N/A	AAAm
Riverside County Treasury Investment Pool	155,212,361	464	AAAf/S1
Certificate of Deposit - Bank of Hemet	2,522	N/A	N/A
Total	<u>\$ 176,764,989</u>		

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. Invesco Short-Term Investments Trust Treasury, Fidelity Government Portfolio, Fidelity Treasury Portfolio, and First American Government Funds were rated by Standard & Poor's and US Bank Funds and the Riverside County Treasury Investment Pool were rated by Fitch Ratings. Certificate of Deposit was not required to be rated, nor has it been rated as of June 30, 2024.

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 agency. 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, 2024, the District had \$342,977 that was uninsured.

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The District has a custodial credit risk exposure of approximately \$21,550,106 because the related securities are uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

Note 3 - Receivables

Receivables at June 30, 2024, 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
Federal Government				
Categorical aid	\$ 4,403,521	\$ -	\$ 1,908,923	\$ 6,312,444
State Government				
Categorical aid	772,420	-	823,111	1,595,531
Lottery	630,197	-	-	630,197
Local Government				
Interest	1,140,034	429,121	105,961	1,675,116
Other local sources	1,120,495	-	15,799	1,136,294
Total	<u>\$ 8,066,667</u>	<u>\$ 429,121</u>	<u>\$ 2,853,794</u>	<u>\$ 11,349,582</u>

Note 4 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 14,885,836	\$ -	\$ -	\$ 14,885,836
Construction in progress	9,405,290	26,089,674	(11,304,134)	24,190,830
Total capital assets not being depreciated or amortized	24,291,126	26,089,674	(11,304,134)	39,076,666
Capital assets being depreciated and amortized				
Land improvements	111,545,945	7,158,503	-	118,704,448
Buildings and improvements	216,126,208	10,632,673	-	226,758,881
Furniture and equipment	15,687,364	2,243,143	-	17,930,507
Right-to-use leased buildings and improvements	3,008,948	-	-	3,008,948
Right-to-use leased furniture and equipment	1,976,102	-	-	1,976,102
Right-to-use subscription IT assets	1,829,299	247,291	(1,035,900)	1,040,690
Total capital assets being depreciated and amortized	350,173,866	20,281,610	(1,035,900)	369,419,576
Total capital assets	374,464,992	46,371,284	(12,340,034)	408,496,242
Accumulated depreciation and amortization				
Land improvements	(20,744,415)	(5,393,697)	-	(26,138,112)
Buildings and improvements	(74,370,456)	(5,049,360)	-	(79,419,816)
Furniture and equipment	(9,677,941)	(874,726)	-	(10,552,667)
Right-to-use leased buildings and improvements	(1,301,475)	(650,737)	-	(1,952,212)
Right-to-use leased furniture and equipment	(291,484)	(284,341)	-	(575,825)
Right-to-use subscription IT assets	(744,047)	(867,175)	1,035,900	(575,322)
Total accumulated depreciation and amortization	(107,129,818)	(13,120,036)	1,035,900	(119,213,954)
Net depreciable and amortizable capital assets	243,044,048	7,161,574	-	250,205,622
Governmental activities capital assets, net	\$ 267,335,174	\$ 33,251,248	\$ (11,304,134)	\$ 289,282,288

Depreciation and amortization expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 8,543,400
Supervision of instruction	417,047
Instructional library, media, and technology	76,729
School site administration	1,224,739
Home-to-school transportation	235,169
Food services	44,478
All other pupil services	791,193
Data processing	436,184
All other administration	75,873
Plant services	1,275,224
Total depreciation and amortization expense governmental activities	\$ 13,120,036

Note 5 - 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, 2024, between major and non-major governmental funds are as follows:

Due To	Due From		Total
	General Fund	Non-Major Governmental Funds	
General Fund	\$ -	\$ 572,061	\$ 572,061
Non-Major Governmental Funds	210,720	-	210,720
Total	<u>\$ 210,720</u>	<u>\$ 572,061</u>	<u>\$ 782,781</u>

A balance of \$77 is due to the Adult Education Non-Major Governmental Fund from the General Fund for reimbursements of indirect costs and operating expenditures. \$ 77

A balance of \$122,066 is due to the Child Development Non-Major Governmental Fund from the General Fund for a temporary loan and reimbursements of indirect costs and operating expenditures. 122,066

A balance of \$88,577 is due to the Cafeteria Non-Major Governmental Fund from the General Fund for reimbursements of indirect costs and operating expenditures. 88,577

A balance of \$18,121 is due to the General Fund from the Adult Education Non-Major Governmental Fund for reimbursement of indirect costs and operating costs. 18,121

A balance of \$311,042 is due to the General Fund from the Child Development Non-Major Governmental Fund for reimbursement of indirect costs and operating costs. 311,042

A balance of \$230,807 is due to the General Fund from the Cafeteria Non-Major Governmental Fund for reimbursements of indirect costs and operating expenditures. 230,807

A balance of \$12,091 is due to the General Fund from the Deferred Maintenance Non-Major Governmental Fund for the commitment of LCFF revenue. 12,091

\$ 782,781

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfer To	Transfer From			Total
	General Fund	Non-Major Governmental Funds	Fiduciary Funds	
Non-Major Governmental Funds	\$ 172,742	\$ 1,510,644	\$ 369,168	\$ 2,052,554
Fiduciary Funds	-	2,557	-	2,557
Total	<u>\$ 172,742</u>	<u>\$ 1,513,201</u>	<u>\$ 369,168</u>	<u>\$ 2,055,111</u>
The General Fund transferred to the Child Development Non-Major Governmental Fund for Universal Preschool Program costs.				\$ 100,666
The General Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments on the outstanding certificates of participation.				72,076
The CFD Capital Projects Non-Major Governmental Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments on the outstanding certificates of participation.				22,502
The CFD Capital Projects Non-Major Governmental Fund transferred to the Fiduciary Funds for excess funds due to closure of accounts.				2,557
The CFD Debt Service Non-Major Governmental Fund transferred to the COP Debt Service Non-Major Governmental Fund for debt service payments on the outstanding certificates of participation.				1,488,142
The Fiduciary Funds transferred to the CFD Capital Projects Non-Major Governmental Fund for interest income received during the year.				40,379
The Fiduciary Funds transferred to the COP Debt Service Non-Major Governmental Fund for interest income receiving during the year.				<u>328,789</u>
Total				<u>\$ 2,055,111</u>

Note 6 - Long-Term Receivable

Proceeds from bonds issued by the San Jacinto Unified School District Financing Authority (SJUSD FA) were used to purchase outstanding bonds of various Community Facilities Districts (CFDs). In accordance with the agreement between the SJUSD FA and CFD's, special tax assessments collected from the CFDs that benefitted will be used to repay the outstanding bonds issued by the SJUSD FA. The total amount of benefit provided by the SJUSD FA through the issuance of its special tax bonds was \$46,390,000. Current year payments totaling \$735,000 were made, leaving a total of \$43,845,000 due from the CFDs as of June 30, 2024.

Note 7 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
LCFF apportionment	\$ 2,488,839	\$ -	\$ -	\$ 2,488,839
Salaries and benefits	1,125,525	-	82,159	1,207,684
Construction and capital outlay	1,710,224	2,295,430	441,756	4,447,410
Contracted and professional services	4,615,970	-	123,876	4,739,846
Other vendor payables	2,130,830	-	224,793	2,355,623
Total	<u>\$ 12,071,388</u>	<u>\$ 2,295,430</u>	<u>\$ 872,584</u>	<u>\$ 15,239,402</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 445,969	\$ 61,891	\$ 507,860
State categorical aid	877,000	100,743	977,743
Other local	-	16,267	16,267
Total	<u>\$ 1,322,969</u>	<u>\$ 178,901</u>	<u>\$ 1,501,870</u>

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

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General Obligation Bonds	\$ 75,310,000	\$ -	\$ (2,660,000)	\$ 72,650,000	\$ 3,595,000
Premium on Bonds	5,974,623	-	(505,475)	5,469,148	-
Certificates of Participation	39,175,000	-	(1,510,000)	37,665,000	1,575,000
Discount on COPs	(142,124)	-	8,239	(133,885)	-
Premium on COPs	4,730,446	-	(278,855)	4,451,591	-
Lease liability	3,460,205	-	(906,481)	2,553,724	689,372
Subscription-based IT arrangements	422,360	247,291	(403,000)	266,651	226,573
SJUSD Financing Authority local agency bonds	44,580,000	-	(735,000)	43,845,000	865,000
Compensated Absences	137,756	56,818	-	194,574	-
Total	<u>\$ 173,648,266</u>	<u>\$ 304,109</u>	<u>\$ (6,990,572)</u>	<u>\$ 166,961,803</u>	<u>\$ 6,950,945</u>

Payments on the General Obligations Bonds are made by the Bond Interest and Redemption Fund with local revenue. The COP Debt Service Fund makes the payments for the Certificates of Participation. The lease liability and the subscription-based IT arrangement are paid by the General Fund and Adult Education Fund. The SJUSD Financial Authority special tax revenue bonds are made by the CFD Debt Service Fund. The compensated absences will be paid by the fund for which the employee worked.

2014 General Obligation Refunding Bonds, Series 2014

In December 2014, the District issued the \$40,235,000 2014 General Obligation Refunding Bonds, Series 2014. The 2014 General Obligation Refunding bonds were issued as current interest bonds. The bonds have a final maturity of August 1, 2032, with interest rates ranging from 3.00 to 5.00%. Proceeds from the sale of the bonds were used to provide refunding of \$40,940,000 in current interest bonds associated with the District's 2007 General Obligation Bonds, Series 2007. At June 30, 2024, the principal balance outstanding of the 2014 General Obligation Refunding Bonds, Series 2014 was \$29,390,000.

2016 General Obligation Bonds, Series 2017

In February 2017, the District issued the \$26,150,000 Election of 2016, Series 2017. The Series 2017 bonds were issued as current interest bonds. The bonds have a final maturity of August 2041, with interest rates ranging from 2.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the acquisition, construction and modernization of District facilities. At June 30, 2024, the principal balance outstanding of the 2017 series was \$24,510,000.

2016 General Obligation Bonds, Series 2022

In December 2022, the District issued the \$18,750,000 Election of 2016, Series 2022. The Series 2022 bonds were issued as current interest bonds. The bonds have a final maturity of August 2043, with interest rates ranging from 4.00 to 5.00%. Proceeds from the sale of the bonds were used to finance the acquisition, construction and modernization of District facilities. At June 30, 2024, the principal balance outstanding of the 2022 series was \$18,750,000.

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, 2023	Issued	Redeemed	Bonds Outstanding June 30, 2024
2014	2033	3.00 - 5.00%	40,235,000	\$ 31,770,000	\$ -	\$ (2,380,000)	\$ 29,390,000
2017	2042	2.00 - 5.00%	26,150,000	24,790,000	-	(280,000)	24,510,000
2022	2044	4.00 - 5.00%	18,750,000	18,750,000	-	-	18,750,000
				<u>\$ 75,310,000</u>	<u>\$ -</u>	<u>\$ (2,660,000)</u>	<u>\$ 72,650,000</u>

Debt Service Requirements to Maturity

The 2014 General Obligation Refunding Bonds, Series 2014 mature through 2033 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2025	\$ 2,650,000	\$ 1,353,100	\$ 4,003,100
2026	2,905,000	1,214,225	4,119,225
2027	3,215,000	1,061,225	4,276,225
2028	3,550,000	892,100	4,442,100
2029	3,910,000	705,600	4,615,600
2030-2033	13,160,000	951,475	14,111,475
Total	<u>\$ 29,390,000</u>	<u>\$ 6,177,725</u>	<u>\$ 35,567,725</u>

San Jacinto Unified School District

Notes to Financial Statements

June 30, 2024

The 2016 General Obligation Bonds, Series 2017 mature through 2042 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2025	\$ 345,000	\$ 1,033,350	\$ 1,378,350
2026	420,000	1,018,050	1,438,050
2027	500,000	997,150	1,497,150
2028	595,000	969,775	1,564,775
2029	700,000	937,400	1,637,400
2030-2034	5,260,000	4,086,881	9,346,881
2035-2039	9,045,000	2,441,188	11,486,188
2040-2042	7,645,000	445,781	8,090,781
Total	<u>\$ 24,510,000</u>	<u>\$ 11,929,575</u>	<u>\$ 36,439,575</u>

The 2016 General Obligation Bonds, Series 2022 mature through 2044 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Current Interest to Maturity</u>	<u>Total</u>
2025	\$ 600,000	\$ 834,000	\$ 1,434,000
2026	120,000	816,000	936,000
2027	155,000	809,125	964,125
2028	190,000	800,500	990,500
2029	230,000	790,000	1,020,000
2030-2034	1,870,000	3,713,650	5,583,650
2035-2039	3,515,000	3,059,375	6,574,375
2040-2044	12,070,000	1,674,500	13,744,500
Total	<u>\$ 18,750,000</u>	<u>\$ 12,497,150</u>	<u>\$ 31,247,150</u>

2017 Financing Certificates of Participation

In August 2017, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2017 Financing Certificates of Participation in the amount of \$4,910,000. The Certificates were issued at an aggregate price of \$5,086,091 (representing the principal amount of \$4,910,000, plus premium on issuance of \$371,335 and less issuance cost of \$195,244). The Certificates have a final maturity date of September 1, 2037, with interest rates ranging from 2.00 to 3.25%. Proceeds from the Certificate, together with other available funds, will be used to finance the acquisition, construction and installation of aquatic facilities at San Jacinto High School. As of June 30, 2024, the principal balance outstanding was \$3,845,000.

San Jacinto Unified School District

Notes to Financial Statements

June 30, 2024

The certificates mature through 2038 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 205,000	\$ 140,263	\$ 345,263
2026	215,000	129,762	344,762
2027	225,000	118,762	343,762
2028	240,000	107,138	347,138
2029	250,000	94,888	344,888
2030-2034	1,415,000	315,763	1,730,763
2035-2038	1,295,000	83,730	1,378,730
Total	<u>\$ 3,845,000</u>	<u>\$ 990,306</u>	<u>\$ 4,835,306</u>

2020 Refunding Certificates of Participation

In July 2019, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2020 Refunding Certificates of Participation in the amount of \$29,270,000. The Certificates were issued at an aggregate price of \$36,719,909 (representing the principal amount of \$29,270,000, plus premium on issuance of \$5,272,660, plus amounts released from Series 2010 Certificates of \$2,867,725, and less issuance costs of \$690,476). The Certificates have a final maturity date of September 1, 2040, with an interest rate of 5.00%. Proceeds from the Certificates, together with other available funds, were used to refund all of the District's outstanding Certificates of Participation (2010 Refunding). As of June 30, 2024, the principal balance outstanding was \$25,410,000.

The certificates mature through 2041 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 985,000	\$ 1,245,875	\$ 2,230,875
2026	1,030,000	1,195,500	2,225,500
2027	1,090,000	1,142,500	2,232,500
2028	1,140,000	1,086,750	2,226,750
2029	1,195,000	1,028,375	2,223,375
2030-2034	6,930,000	4,160,000	11,090,000
2035-2039	8,850,000	2,197,000	11,047,000
2040-2041	4,190,000	212,250	4,402,250
Total	<u>\$ 25,410,000</u>	<u>\$ 12,268,250</u>	<u>\$ 37,678,250</u>

2020 Financing Certificates of Participation

In March 2020, the District, pursuant to a sublease agreement with the San Jacinto Unified School District Facilities Corporation, issued the 2020 Financing Certificates of Participation in the amount of \$9,495,000. The Certificates were issued at an aggregate price of \$9,009,467 (representing the principal amount of \$9,495,000, less discount on issuance of \$168,901 and less issuance cost of \$316,632). The Certificates have a final maturity date of September 1, 2040, with interest rates ranging from 3.00 to 3.75%. Proceeds from the Certificate, together with other available funds, will be used to finance a portion of the costs of acquisition, construction, installation, improvement and equipping of certain schools and other capital facilities for the benefit of the District. As of June 30, 2024, the principal balance outstanding was \$8,410,000.

The certificates mature through 2041 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 385,000	\$ 260,119	\$ 645,119
2026	395,000	248,419	643,419
2027	410,000	236,344	646,344
2028	420,000	223,894	643,894
2029	430,000	211,144	641,144
2030-2034	2,365,000	848,922	3,213,922
2035-2039	2,765,000	445,080	3,210,080
2040-2041	1,240,000	42,187	1,282,187
Total	<u>\$ 8,410,000</u>	<u>\$ 2,516,109</u>	<u>\$ 10,926,109</u>

Lease Liability

The District has entered into agreements to lease various facilities and equipment. The District's liability on lease agreements is summarized below:

<u>Leases</u>	<u>Leases Outstanding July 1, 2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Leases Outstanding June 30, 2024</u>
Equipment	\$ 21,453	\$ -	\$ 7,143	\$ 14,310
Classroom Portables	1,826,194	-	668,099	1,158,095
Vehicles	1,612,558	-	231,239	1,381,319
Total	<u>\$ 3,460,205</u>	<u>\$ -</u>	<u>\$ 906,481</u>	<u>\$ 2,553,724</u>

Equipment

The District entered an agreement to lease a postage meter for five years, beginning April 1, 2021. Under the terms of the lease, the District paid the monthly payments of \$597, which amounted to total principal and interest costs of \$37,607. The annual interest rate charged on the lease is 0.1142%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization of \$14,285 and a lease liability of \$14,310 related to this agreement. During the fiscal year, the District recorded \$7,143 in amortization expense and \$21 in interest expense for the right to use of the copiers.

Classroom Portables

The District entered into multiple agreements to lease classroom portables at De Anza Elementary, Parkhill Elementary, Estudillo Elementary, Hyatt World Language Academy, and San Jacinto Leadership Academy for 7 years, with the earliest beginning April 2018. The leases terminate between April 2024 and March 2027. Under the terms of the lease, the District pays an annual base fee that varies between \$80,909 and 275,926. At June 30, 2024, the District has recognized a right-to-use leased assets, net of accumulated amortization of \$1,056,736 and a lease liability of \$1,158,095 related to this agreement. During the fiscal year, the District recorded \$650,737 in amortization expense and \$68,970 in interest expense for the right to use the classroom portables. The District used a discount rate that varies between 3.3853% and 4.5286%, based on the agreements.

Vehicles

The District entered an agreements to lease buses for 7 years, beginning June 2023. Under the terms of the lease, the District pays an annual base fee of \$327,831. The annual interest rate charged on the lease is 4.3791%. At June 30, 2024, the District has recognized a right-to-use leased asset, net of accumulated amortization of \$1,385,992 and a lease liability of \$1,381,319 related to this agreement. During the fiscal year, the District recorded \$277,198 in amortization expense and \$96,592 in interest expense for the right to use the buses.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 689,372	\$ 126,341	\$ 815,713
2026	721,003	94,710	815,713
2027	542,222	61,535	603,757
2028	291,823	36,008	327,831
2029	309,304	18,527	327,831
Total	<u>\$ 2,553,724</u>	<u>\$ 337,121</u>	<u>\$ 2,890,845</u>

Subscriptions-Based Information Technology Arrangements (SBITAs)

The District entered into a SBITA for the use of various software. At June 30, 2024, the District has recognized a right-to-use subscriptions IT asset, net of accumulated amortization of \$465,368 and a SBITA liability of \$266,651 related to this agreement. During the fiscal year, the District recorded \$867,175 in amortization expense. The District is required to make annual principal and interest payments that varies between \$7,170 and \$72,324 through October 2025. The subscriptions has interest rates that varies between 4.30% and 6.22%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 226,573	\$ 10,518	\$ 237,091
2026	40,078	649	40,727
Total	<u>\$ 266,651</u>	<u>\$ 11,167</u>	<u>\$ 277,818</u>

The District's Financing Authority Bonds

The San Jacinto Unified School District Financing Authority (SJUSD FA) was created to refinance certain Community Facility Districts' (CFD) debt. On August 15, 2017, the SJUSD FA issued \$15,225,000 of Local Agency Bonds, Series 2017. The bonds refinanced the debt for CFDs 2003-2, 2004-3, 2004-4, 2004-5, 2005-1, 2005-2, 2005-4, 2006-1, and 2006-2. The bonds have a final maturity date of September 1, 2043, with interest rates ranging from 2.00 to 5.00%.

On May 29, 2019, the SJUSD FA issued \$32,110,000 of Local Agency Bonds, Series 2019. The bonds refinanced the debt for CFDs 2003-1, 2003-2, 2004-3, 2005-1, 2005-2, 2005-4, 2006-1, and 2006-2. The bonds have a final maturity date of September 1, 2049, with interest rates ranging from 3.125 to 5.00%.

As of June 30, 2024, the principal balance outstanding on the SJUSD FA bonds was \$43,845,000.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 865,000	\$ 1,967,125	\$ 2,832,125
2026	945,000	1,934,213	2,879,213
2027	1,000,000	1,898,250	2,898,250
2028	1,260,000	1,848,875	3,108,875
2029	1,345,000	1,791,250	3,136,250
2030-2034	8,300,000	8,008,219	16,308,219
2035-2039	8,920,000	5,976,197	14,896,197
2040-2044	8,575,000	4,246,078	12,821,078
2045-2049	9,980,000	2,029,250	12,009,250
2050	2,655,000	66,375	2,721,375
Total	<u>\$ 43,845,000</u>	<u>\$ 29,765,832</u>	<u>\$ 73,610,832</u>

Note 10 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported an aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 9,316,153	\$ 2,430,515	\$ 6,718,192	\$ 264,694
Medicare Premium Payment (MPP) Program	503,285	-	-	(8,083)
Total	<u>\$ 9,819,438</u>	<u>\$ 2,430,515</u>	<u>\$ 6,718,192</u>	<u>\$ 256,611</u>

The details of each plan are as follows:

District 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. Management of the Plan is vested in the District management.

Plan Membership

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

Inactive employees or beneficiaries currently receiving benefits payments	17
Active employees	<u>1,070</u>
Total	<u>1,087</u>

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 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 Plan members and the District are established and may be amended by the District, the Teacher Education Association (TEA), 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, TEA, CSEA, and the unrepresented groups. For the measurement period of June 30, 2023, the District paid \$222,659 in benefits, of which \$96,468 was used for current premiums and \$126,191 represents the effect of the implicit rate subsidy.

Total OPEB Liability of the District

The District's total OPEB liability of \$9,316,153 was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of June 30, 2023.

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%
Salary increases	2.75%
Discount rate	3.65%
Healthcare cost trend rates	4.00%

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 2021 CalPERS Active Mortality for Miscellaneous and School 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 reduction. 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	\$ 9,225,985
Service cost	697,230
Interest	334,724
Differences between expected and actual experience	(342,842)
Changes of assumptions	(376,285)
Benefit payments	(222,659)
Net change in total OPEB liability	90,168
Balance, June 30, 2023	\$ 9,316,153

Changes of assumptions reflect a change in the discount rate from 3.54% to 3.65% since the previous valuation. There were no changes in benefit terms since the previous valuation.

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%)	\$ 10,187,103
Current discount rate (3.65%)	9,316,153
1% increase (4.65%)	8,503,923

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (3.00%)	\$ 8,471,370
Current healthcare cost trend rate (4.00%)	9,316,153
1% increase (5.00%)	10,335,583

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 380,314	\$ -
Differences between expected and actual experience	678,360	2,812,248
Changes of assumptions	1,371,841	3,905,944
Total	<u>\$ 2,430,515</u>	<u>\$ 6,718,192</u>

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
2025	\$ (260,755)
2026	(260,755)
2027	(260,755)
2028	(260,755)
2029	(260,755)
Thereafter	(3,364,216)
Total	<u>\$ (4,667,991)</u>

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, 2022 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, 2024, the District reported a liability of \$503,285 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. 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 periods ending June 30, 2023 and June 30, 2022, respectively, was 0.1659%, and 0.1552%, resulting in a net increase in the proportionate share of 0.0107%.

For the year ended June 30, 2024, the District recognized OPEB expense of \$(8,083).

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
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	3.65%	3.54%
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, 2022, 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 179 or an average of 0.13% of the potentially eligible population (138,780).

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, 2023, 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

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

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 (2.65%)	\$ 546,967
Current discount rate (3.65%)	503,285
1% increase (4.65%)	465,303

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 current Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using the Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 463,072
Current Medicare costs trend rates (4.50% Part A and 5.40% Part B)	503,285
1% increase (5.50% Part A and 6.40% Part B)	548,683

Note 11 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility District as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and are payable from special taxes levied on property within the Community Facilities District 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 outstanding of \$18,625,000 as of June 30, 2024, 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	\$ 10,000	\$ -	\$ 200	\$ 10,200
Stores inventories	-	-	331,341	331,341
Total nonspendable	10,000	-	331,541	341,541
Restricted				
Legally restricted programs	43,729,688	-	8,757,030	52,486,718
Capital projects	-	32,130,279	7,449,043	39,579,322
Debt services	-	-	25,019,559	25,019,559
Total restricted	43,729,688	32,130,279	41,225,632	117,085,599
Assigned				
Contingencies for LCAP and board priorities	29,438,587	-	-	29,438,587
Unassigned				
Reserve for economic uncertainties	21,754,977	-	-	21,754,977
Total	<u>\$ 94,933,252</u>	<u>\$ 32,130,279</u>	<u>\$ 41,557,173</u>	<u>\$ 168,620,704</u>

Note 13 - Risk Management

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 for property damage with coverage up to a maximum of \$300 million; subject to various policy sublimits generally ranging from \$1 million to \$50 million and deductibles ranging from \$25,000 to \$300,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence and \$2 million aggregate, with excess liability coverage over \$25 million, all subject to various deductibles up to \$20,000 per occurrence and per employee policy limit, subject to a deductible of \$100,000 per occurrence per claim, up to a maximum of \$1.5 million for 2024.

Employee medical benefits are covered by a commercial insurance policy purchased by the District. The District provides medical insurance benefits to District employees electing to participate in the plan by paying a monthly premium based on the number of District employees participating in the plan.

The District's risk management activities are recorded in the General Fund. The fund administers employee life, health, property, and liability, workers' compensation, and unemployment programs of the District as premiums are paid to insurance carriers and JPAs to which the District is a member.

Significant losses are covered by commercial insurance via the carriers and JPAs. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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, 2024, 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:

<u>Pension Plan</u>	<u>Aggregate Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 85,402,742	\$ 32,024,932	\$ 4,569,481	\$ 14,272,335
CalPERS	60,248,443	24,192,639	925,328	11,404,237
Total	<u>\$ 145,651,185</u>	<u>\$ 56,217,571</u>	<u>\$ 5,494,809</u>	<u>\$ 25,676,572</u>

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, 2022, 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, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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, 2024, are presented above and the District's total contributions were \$14,718,136.

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

At June 30, 2024, 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	\$ 85,402,742
State's proportionate share of the net pension liability	<u>40,918,855</u>
Total	<u><u>\$ 126,321,597</u></u>

The net pension liability was measured as of June 30, 2023. 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 periods of June 30, 2023 and June 30, 2022, was 0.1121% and 0.1034%, respectively, resulting in a net increase in the proportionate share of 0.0087%.

For the year ended June 30, 2024, the District recognized pension expense of \$14,272,335. In addition, the District recognized pension expense and revenue of \$5,566,095 for support provided by the State. At June 30, 2024, 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	\$ 14,718,136	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	9,735,475	-
Differences between projected and actual earnings on pension plan investments	365,559	-
Differences between expected and actual experience in the measurement of the total pension liability	6,711,249	4,569,481
Changes of assumptions	<u>494,513</u>	<u>-</u>
Total	<u><u>\$ 32,024,932</u></u>	<u><u>\$ 4,569,481</u></u>

The deferred outflows 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/(inflows) 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
2025	\$ (2,686,835)
2026	(4,210,742)
2027	6,919,725
2028	343,411
Total	<u>\$ 365,559</u>

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
2025	\$ 2,474,296
2026	2,006,401
2027	2,032,195
2028	1,641,417
2029	2,131,750
Thereafter	2,085,697
Total	<u>\$ 12,371,756</u>

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, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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 2020 in conjunction with the most recent experience study. For each current and future valuations, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

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%)	\$ 143,256,284
Current discount rate (7.10%)	85,402,742
1% increase (8.10%)	37,348,631

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) 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, 2022 annual actuarial valuation report, and the Schools Pool Actuarial Valuation. These reports and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of 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, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	2% at 55	2% at 62
Benefit formula	5 years of service	5 years of service
Benefit vesting schedule	Monthly for life	Monthly for life
Benefit payments	55	62
Retirement age	1.1% - 2.5%	1.0% - 2.5%
Monthly benefits as a percentage of eligible compensation	7.00%	8.00%
Required employee contribution rate	26.680%	26.680%
Required employer contribution rate		

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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, 2024, are presented above and the total District contributions were \$8,795,162.

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

As of June 30, 2024, the District reported a net pension liability for its proportionate share of the CalPERS net pension liability totaling \$60,248,443. The net pension liability was measured as of June 30, 2023. 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 periods of June 30, 2023 and June 30, 2022, was 0.1664% and 0.1539%, respectively, resulting in a net increase in the proportionate share of 0.0125%.

San Jacinto Unified School District

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024, the District recognized pension expense of \$11,404,237. At June 30, 2024, 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	\$ 8,795,162	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,987,824	-
Differences between projected and actual earnings on pension plan investments	6,435,395	-
Differences between expected and actual experience in the measurement of the total pension liability	2,198,636	925,328
Changes of assumptions	2,775,622	-
	<u>\$ 24,192,639</u>	<u>\$ 925,328</u>

The deferred outflows 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/(inflows) 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
2025	\$ 1,200,452
2026	711,178
2027	4,323,491
2028	200,274
Total	<u>\$ 6,435,395</u>

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 3,513,876
2026	3,131,462
2027	1,391,416
Total	<u>\$ 8,036,754</u>

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, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
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%	4.54%
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%)	\$ 87,103,675
Current discount rate (6.90%)	60,248,443
1% increase (7.90%)	38,053,205

Employee Flexible Benefit Plan

The District adopted a Section 125 Flexible Benefit Plan, effective April 1, 2001. Eligible participants must be at least 17 years old and work a minimum of 15 hours per week. The participant is eligible on the first day of the month following 30 days of employment. The maximum salary reduction allowed per plan year is \$15,000. Available benefits of the plan are: Group Hospital and Surgery Insurance, Disability Income Insurance, Cancer Coverage, Dental/Vision Insurance, Group Life Insurance, Dependent Care Assistance Plan, and Medical Expense Reimbursement Plan. The District may, at its sole discretion, provide a non-elective contribution to provide benefits for each participant under the plan. This amount will be set by the District each plan year in a uniform and nondiscriminatory manner. The District did not make any non-elective contributions during the year ended June 30, 2024.

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 \$6,545,025 (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

Commitment

The District entered into a five-year contract for Hemet Unified School District (HUSD) to provide home-to-school pupil transportation services for the District’s students. The District’s minimum payments include fees related to the transportation services and maintenance and repair services for buses and related support vehicles. The contract was effective July 1, 2020.

Future minimum payments under these arrangements are as follows:

Year Ending June 30,	
2025	<u>\$ 2,671,222</u>

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, 2024.

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, 2024.

Construction Commitments

As of June 30, 2024, the District had approximately \$30.4 million in commitments with respect to the unfinished capital projects.

Note 16 - Participation in Public Entity Risk Pools and Joint Power Authorities

The District is a member of the Riverside County Employer/Employee Partnership for Benefits (REEP), and Alliance of Schools for Cooperative Insurance Program (ASCIP) joint powers authorities (JPAs). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for these services received are paid to the above mentioned JPAs. The relationships between the District, the pools, and the JPAs are such that they are not component units 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 entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

The District has appointed no board members to the governing board of the JPAs mentioned above.

During the year ended June 30, 2024, the District made payments of \$12,177,558, and \$1,093,171, to REEP and ASCIP, respectively, for services received.



Required Supplementary Information
June 30, 2024

San Jacinto Unified School District

San Jacinto Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2024

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	\$ 148,545,133	\$ 149,049,551	\$ 148,390,574	\$ (658,977)
Federal sources	14,066,532	25,086,882	20,651,023	(4,435,859)
Other State sources	24,586,042	29,083,691	32,897,457	3,813,766
Other local sources	9,118,991	11,227,055	22,268,352	11,041,297
Total revenues	196,316,698	214,447,179	224,207,406	9,760,227
Expenditures				
Current				
Certificated salaries	77,752,787	78,140,341	80,156,646	(2,016,305)
Classified salaries	31,855,825	32,100,743	31,886,506	214,237
Employee benefits	46,639,120	47,174,325	45,538,385	1,635,940
Books and supplies	18,168,895	19,322,817	13,232,072	6,090,745
Services and operating expenditures	28,015,187	35,820,844	34,634,443	1,186,401
Other outgo	(298,228)	(342,926)	(178,727)	(164,199)
Capital outlay	8,785,263	14,603,728	10,980,615	3,623,113
Debt service				
Debt service - principal	1,169,120	2,169,120	1,302,311	866,809
Debt service - interest and other	245,947	245,947	165,561	80,386
Total expenditures	212,333,916	229,234,939	217,717,812	11,517,127
Excess (Deficiency) of Revenues Over Expenditures	(16,017,218)	(14,787,760)	6,489,594	21,277,354
Other Financing Sources (Uses)				
Other sources -proceeds from issuance of SBITAs	-	-	240,121	240,121
Transfers out	-	-	(172,742)	(172,742)
Net financing sources (uses)	-	-	67,379	67,379
Net Change in Fund Balances	(16,017,218)	(14,787,760)	6,556,973	21,344,733
Fund Balance - Beginning	88,376,279	88,376,279	88,376,279	-
Fund Balance - Ending	\$ 72,359,061	\$ 73,588,519	\$ 94,933,252	\$ 21,344,733

San Jacinto Unified School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 697,230	\$ 855,059	\$ 1,420,557	\$ 966,874
Interest	334,724	213,770	319,715	402,239
Difference between expected and actual experience	(342,842)	16,535	(2,912,321)	(38,637)
Changes of assumptions	(376,285)	(1,208,680)	(2,722,942)	1,530,716
Benefit payments	(222,659)	(223,313)	(354,626)	(134,787)
Net change in total OPEB liability	90,168	(346,629)	(4,249,617)	2,726,405
Total OPEB Liability - Beginning	9,225,985	9,572,614	13,822,231	11,095,826
Total OPEB Liability - Ending	<u>\$ 9,316,153</u>	<u>\$ 9,225,985</u>	<u>\$ 9,572,614</u>	<u>\$ 13,822,231</u>
Covered Payroll	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
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
		2020	2019	2018
Total OPEB Liability				
Service cost		\$ 557,354	\$ 551,533	\$ 571,767
Interest		354,683	335,879	285,400
Difference between expected and actual experience		926,841	-	-
Changes of assumptions		264,027	(253,903)	-
Benefit payments		(124,353)	(158,787)	(185,592)
Net change in total OPEB liability		1,978,552	474,722	671,575
Total OPEB Liability - Beginning		9,117,274	8,642,552	7,970,977
Total OPEB Liability - Ending		<u>\$ 11,095,826</u>	<u>\$ 9,117,274</u>	<u>\$ 8,642,552</u>
Covered Payroll		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
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

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.

San Jacinto Unified School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022
Proportion of the net OPEB liability	0.1659%	0.1552%	0.1495%
Proportionate share of the net OPEB liability	\$ 503,285	\$ 511,368	\$ 596,197
Covered payroll	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
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021

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.

San Jacinto Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.1121%	0.1034%	0.0994%	0.0976%	0.0940%
Proportionate share of the net pension liability	\$ 85,402,742	\$ 71,873,896	\$ 45,252,919	\$ 94,607,175	\$ 84,886,061
State's proportionate share of the net pension liability	40,918,855	35,994,166	22,769,513	48,770,010	46,311,013
Total	<u>\$ 126,321,597</u>	<u>\$ 107,868,062</u>	<u>\$ 68,022,432</u>	<u>\$ 143,377,185</u>	<u>\$ 131,197,074</u>
Covered payroll	<u>\$ 68,897,435</u>	<u>\$ 61,862,145</u>	<u>\$ 55,457,090</u>	<u>\$ 53,413,269</u>	<u>\$ 51,663,587</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	123.96%	116.18%	81.60%	177.12%	164.31%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.0919%	0.0876%	0.0861%	0.0866%	0.0770%
Proportionate share of the net pension liability	\$ 84,479,476	\$ 81,029,083	\$ 69,602,728	\$ 58,327,379	\$ 45,025,240
State's proportionate share of the net pension liability	48,368,451	47,936,121	39,623,592	30,848,754	27,188,184
Total	<u>\$ 132,847,927</u>	<u>\$ 128,965,204</u>	<u>\$ 109,226,320</u>	<u>\$ 89,176,133</u>	<u>\$ 72,213,424</u>
Covered payroll	<u>\$ 49,637,782</u>	<u>\$ 46,826,113</u>	<u>\$ 44,695,228</u>	<u>\$ 38,379,865</u>	<u>35,981,934</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	170.19%	173.04%	155.73%	151.97%	125.13%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

San Jacinto Unified School District
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Proportion of the net pension liability	0.1664%	0.1539%	0.1466%	0.1429%	0.1377%
Proportionate share of the net pension liability	\$ 60,248,443	\$ 52,948,360	\$ 29,808,668	\$ 43,859,702	\$ 40,140,645
Covered payroll	\$ 29,092,286	\$ 23,736,936	\$ 21,133,106	\$ 20,626,758	\$ 19,451,943
Proportionate share of the net pension liability as a percentage of its covered payroll	207.09%	223.06%	141.05%	212.63%	206.36%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.1337%	0.1287%	0.1252%	0.1160%	0.1092%
Proportionate share of the net pension liability	\$ 35,645,280	\$ 30,733,238	\$ 24,717,568	\$ 17,104,524	\$ 12,398,446
Covered payroll	\$ 17,826,083	\$ 16,513,206	\$ 15,206,474	\$ 18,542,239	11,631,574
Proportionate share of the net pension liability as a percentage of its covered payroll	199.96%	186.11%	162.55%	92.25%	106.59%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

San Jacinto Unified School District
Schedule of the District's Contributions - CalSTRS
Year Ended June 30, 2024

	2024	2023	2022	2021	2020
CalSTRS					
Contractually required contribution	\$ 14,718,136	\$ 13,159,410	\$ 10,467,075	\$ 8,956,320	\$ 9,133,669
Less contributions in relation to the contractually required contribution	<u>14,718,136</u>	<u>13,159,410</u>	<u>10,467,075</u>	<u>8,956,320</u>	<u>9,133,669</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 77,058,304</u>	<u>\$ 68,897,435</u>	<u>\$ 61,862,145</u>	<u>\$ 55,457,090</u>	<u>\$ 53,413,269</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
CalSTRS					
Contractually required contribution	\$ 8,410,832	\$ 7,162,732	\$ 5,890,725	\$ 4,795,798	\$ 3,408,132
Less contributions in relation to the contractually required contribution	<u>8,410,832</u>	<u>7,162,732</u>	<u>5,890,725</u>	<u>4,795,798</u>	<u>3,408,132</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 51,663,587</u>	<u>\$ 49,637,782</u>	<u>\$ 46,826,113</u>	<u>\$ 44,695,228</u>	<u>\$ 38,379,865</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

San Jacinto Unified School District
Schedule of the District's Contributions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 8,795,162	\$ 7,380,713	\$ 5,438,132	\$ 4,374,553	\$ 4,067,803
Less contributions in relation to the contractually required contribution	8,795,162	7,380,713	5,438,132	4,374,553	4,067,803
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 32,965,375	\$ 29,092,286	\$ 23,736,936	\$ 21,133,106	\$ 20,626,758
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,513,410	\$ 2,768,569	\$ 2,293,354	\$ 1,801,511	\$ 2,182,607
Less contributions in relation to the contractually required contribution	3,513,410	2,768,569	2,293,354	1,801,511	2,182,607
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 19,451,943	\$ 17,826,083	\$ 16,513,206	\$ 15,206,474	\$ 18,542,239
Contributions as a percentage of covered payroll	18.062%	15.531%	13.888%	11.847%	11.771%

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 States 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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. 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 valuation.
- *Changes of Assumptions* - The discount rate assumption was changed from 3.54% to 3.65% since the previous valuation.

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 3.54% to 3.65% 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.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions since the previous valuations for both CalSTRS and CalPERS.

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.



Supplementary Information
June 30, 2024

San Jacinto Unified School District

San Jacinto Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Indian Education	84.060A		\$ 47,378
Passed through California Department of Education (CDE)			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	3,287,754
ESSA: School Improvement Funding for LEAs	84.010	15438	<u>37,752</u>
Subtotal			<u>3,325,506</u>
Title II, Part A, Supporting Effective Instruction	84.367	14341	459,677
Title III, English Learner Student Program	84.365	14346	380,279
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	248,952
Bipartisan Safer Communities Act-Stronger Connections Grant	84.424	15710	<u>1,867,634</u>
Subtotal			<u>2,116,586</u>
Special Education Cluster (IDEA)			
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611, Private School ISPs	84.027	10115	5,913
Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	2,576,734
Special Ed: IDEA Mental Health Allocation Plan, Part B, Section 611	84.027A	15197	160,211
Special Ed: IDEA Preschool Grants, Part B, Section 619	84.173	13430	44,587
Special Ed: IDEA Preschool Staff Development, Part B, Section 619	84.173A	13431	<u>458</u>
Subtotal Special Education Cluster (IDEA)			<u>2,787,903</u>
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	153,597
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	15559	5,972,242
COVID-19: ARP Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	10155	<u>2,656,241</u>
Subtotal			<u>8,628,483</u>
Passed through California Department of Rehabilitation State Vocational Rehabilitation Services Program	84.126A	30646	<u>48,861</u>
Total U.S. Department of Education			<u>17,948,270</u>
U.S. Department of Health and Human Services			
Passed through Riverside County Superintendent of Schools Head Start Cluster			
Head Start	93.600	09CH010654	<u>2,424,623</u>
Subtotal Head Start Cluster			<u>2,424,623</u>

San Jacinto Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
Passed through California Department of Education CCDF Cluster			
COVID-19: Child Development: ARP California State Preschool Program One-time Stipend	93.575	15640	\$ 46,748
Subtotal CCDF Cluster			46,748
Total U.S. Department of Health and Human Services			2,471,371
U.S. Department of Agriculture			
Passed through CDE			
Child Nutrition Cluster			
National School Lunch Program (Section 4)	10.555	13523	620,603
National School Lunch Program (Section 11)	10.555	13524	4,637,668
Especially Needy Breakfast	10.553	13526	2,396,739
Commodities	10.555	13524	485,460
Supply Chain Assistance Funds	10.555	15655	321,671
Fresh Fruit and Vegetable Program	10.582	14968	37,734
Subtotal Child Nutrition Cluster			8,499,875
Child Care Food Program (CCFP) Claims-Centers and Family Day Care Homes (Meal Reimbursements)	10.558	13529	831,315
CCFP Cash in Lieu of Commodities	10.558	13534	48,223
Subtotal			879,538
Total U.S. Department of Agriculture			9,379,413
Total Federal Financial Assistance			\$ 29,799,054

San Jacinto Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Final Report	
	Second Period Report* 37396D10	Annual Report 86AB93F6
Regular ADA		
Transitional kindergarten through third	2,893.27	2,914.34
Fourth through sixth	2,246.24	2,244.98
Seventh and eighth	1,532.83	1,532.24
Ninth through twelfth	2,820.98	2,780.21
Total Regular ADA	9,493.32	9,471.77
Extended Year Special Education		
Transitional kindergarten through third	3.28	3.28
Fourth through sixth	2.49	2.49
Seventh and eighth	1.08	1.08
Ninth through twelfth	5.30	5.30
Total Extended Year Special Education	12.15	12.15
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	0.98	0.90
Seventh and eighth	2.82	3.07
Ninth through twelfth	1.24	1.29
Total Special Education, Nonpublic, Nonsectarian Schools	5.04	5.26
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	-	-
Fourth through sixth	-	-
Seventh and eighth	0.72	0.72
Ninth through twelfth	0.62	0.62
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	1.34	1.34
Total ADA	9,511.85	9,490.52

*The second period attendance report was amended on July 2, 2024.

San Jacinto Unified School District

Schedule of Instructional Time

Year Ended June 30, 2024

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Multitrack Calendar			Status
					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	
Kindergarten	36,000	45,195	-	45,195	180	-	180	N/A	N/A	N/A	Complied
Grades 1 - 3	50,400										
Grade 1		54,700	-	54,700	180	-	180	N/A	N/A	N/A	Complied
Grade 2		54,700	-	54,700	180	-	180	N/A	N/A	N/A	Complied
Grade 3		54,700	-	54,700	180	-	180	N/A	N/A	N/A	Complied
Grades 4 - 8	54,000										
Grade 4		54,700	-	54,700	180	-	180	N/A	N/A	N/A	Complied
Grade 5		54,700	-	54,700	180	-	180	N/A	N/A	N/A	Complied
Grade 6		55,920	-	55,920	180	-	180	N/A	N/A	N/A	Complied
Grade 7		55,920	-	55,920	180	-	180	N/A	N/A	N/A	Complied
Grade 8		55,920	-	55,920	180	-	180	N/A	N/A	N/A	Complied
Grades 9 - 12	64,800										
Grade 9		65,289	-	65,289	180	-	180	N/A	N/A	N/A	Complied
Grade 10		65,289	-	65,289	180	-	180	N/A	N/A	N/A	Complied
Grade 11		65,289	-	65,289	180	-	180	N/A	N/A	N/A	Complied
Grade 12		65,336	-	65,336	180	-	180	N/A	N/A	N/A	Complied

San Jacinto Unified School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2024

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

San Jacinto Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund				
Revenues	\$ 206,662,138	\$ 224,207,406	\$ 217,692,095	\$ 184,602,145
Other sources and transfers in	-	240,121	5,053,167	-
Total revenues and other sources	206,662,138	224,447,527	222,745,262	184,602,145
Expenditures	226,487,308	217,717,812	200,700,011	170,540,271
Other uses and transfers out	-	172,742	378,447	467,063
Total expenditures and other uses	226,487,308	217,890,554	201,078,458	171,007,334
Increase/(Decrease) in Fund Balance	(19,825,170)	6,556,973	21,666,804	13,594,811
Ending Fund Balance	\$ 75,108,082	\$ 94,933,252	\$ 88,376,279	\$ 66,709,475
Available Reserves ²	\$ 22,684,321	\$ 21,754,977	\$ 19,786,420	\$ 17,088,826
Available Reserves as a Percentage of Total Outgo	10.02%	9.98%	9.84%	9.99%
Long-Term Liabilities	N/A	\$ 322,432,426	\$ 308,207,875	\$ 242,562,018
K-12 Average Daily Attendance at P-2	9,505	9,512	9,280	8,931

The General Fund balance has increased by \$28,223,777 over the past two years. The fiscal year 2024-2025 budget projects a decrease of \$19,825,170 (20.9%). 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 2024-2025 fiscal year. Total long-term liabilities have increased by \$79,870,408 over the past two years.

Average daily attendance has increased by 581 over the past two years. A decrease of 7 ADA is anticipated during fiscal year 2024-2025.

¹ Financial information for 2025, 2023, and 2022 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 with the General Fund.

San Jacinto Unified School District
Schedule of Charter Schools
Year Ended June 30, 2024

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
San Jacinto Valley Academy	0129	No

San Jacinto Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets						
Deposits and investments	\$ 588,263	\$ 108,497	\$ 543,316	\$ 6,033,648	\$ 11,186	\$ 1,873,721
Receivables	-	99,032	374,064	2,336,657	905	21,807
Due from other funds	-	77	122,066	88,577	-	-
Stores inventories	-	-	-	331,341	-	-
Total assets	<u>\$ 588,263</u>	<u>\$ 207,606</u>	<u>\$ 1,039,446</u>	<u>\$ 8,790,223</u>	<u>\$ 12,091</u>	<u>\$ 1,895,528</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 282	\$ 6,067	\$ 141,604	\$ 650,143	\$ -	\$ 74,488
Due to other funds	-	18,121	311,042	230,807	12,091	-
Unearned revenue	-	-	100,743	78,158	-	-
Total liabilities	<u>282</u>	<u>24,188</u>	<u>553,389</u>	<u>959,108</u>	<u>12,091</u>	<u>74,488</u>
Fund Balances						
Nonspendable	-	-	-	331,541	-	-
Restricted	<u>587,981</u>	<u>183,418</u>	<u>486,057</u>	<u>7,499,574</u>	<u>-</u>	<u>1,821,040</u>
Total fund balances	<u>587,981</u>	<u>183,418</u>	<u>486,057</u>	<u>7,831,115</u>	<u>-</u>	<u>1,821,040</u>
Total liabilities and fund balances	<u>\$ 588,263</u>	<u>\$ 207,606</u>	<u>\$ 1,039,446</u>	<u>\$ 8,790,223</u>	<u>\$ 12,091</u>	<u>\$ 1,895,528</u>

San Jacinto Unified School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	County School Facilities Fund	CFD Capital Projects Fund	Bond Interest and Redemption Fund	CFD Debt Service Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 1,845,443	\$ 3,761,231	\$ 10,910,561	\$ 14,106,935	\$ 2,063	\$ 39,784,864
Receivables	21,329	-	-	-	-	2,853,794
Due from other funds	-	-	-	-	-	210,720
Stores inventories	-	-	-	-	-	331,341
Total assets	<u>\$ 1,866,772</u>	<u>\$ 3,761,231</u>	<u>\$ 10,910,561</u>	<u>\$ 14,106,935</u>	<u>\$ 2,063</u>	<u>\$ 43,180,719</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,584
Due to other funds	-	-	-	-	-	572,061
Unearned revenue	-	-	-	-	-	178,901
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,623,546</u>
Fund Balances						
Nonspendable	-	-	-	-	-	331,541
Restricted	1,866,772	3,761,231	10,910,561	14,106,935	2,063	41,225,632
Total fund balances	<u>1,866,772</u>	<u>3,761,231</u>	<u>10,910,561</u>	<u>14,106,935</u>	<u>2,063</u>	<u>41,557,173</u>
Total liabilities and fund balances	<u>\$ 1,866,772</u>	<u>\$ 3,761,231</u>	<u>\$ 10,910,561</u>	<u>\$ 14,106,935</u>	<u>\$ 2,063</u>	<u>\$ 43,180,719</u>

San Jacinto Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 9,666,784
Other State sources	-	506,706	501,310	2,674,376
Other local sources	735,836	11,359	1,654,730	1,270,888
Total revenues	735,836	518,065	2,156,040	13,612,048
Expenditures				
Current				
Instruction	-	294,727	1,099,932	-
Instruction-related activities				
Supervision of instruction	-	-	15,146	-
School site administration	-	86,333	449,564	-
Pupil services				
Food services	-	-	479	11,344,567
All other pupil services	-	126,102	30,446	-
Administration				
All other administration	-	18,037	52,788	213,130
Plant services	-	43,246	84,634	183,818
Ancillary services	659,960	-	-	-
Other outgo	-	-	-	-
Facility acquisition and construction	-	-	140,162	1,813,879
Debt service				
Principal	-	7,170	-	-
Interest and other	-	-	-	-
Total expenditures	659,960	575,615	1,873,151	13,555,394
Excess (Deficiency) of Revenues Over Expenditures	75,876	(57,550)	282,889	56,654
Other Financing Sources (Uses)				
Transfers in	-	-	100,666	-
Other sources - proceeds from issuance of SBITAs	-	7,170	-	-
Transfers out	-	-	-	-
Net Financing Sources (Uses)	-	7,170	100,666	-
Net Change in Fund Balances	75,876	(50,380)	383,555	56,654
Fund Balance - Beginning	512,105	233,798	102,502	7,774,461
Fund Balance - Ending	\$ 587,981	\$ 183,418	\$ 486,057	\$ 7,831,115

San Jacinto Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	CFD Capital Projects Fund
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ -
Other State sources	-	-	-	-
Other local sources	11,741	1,060,637	93,587	2,915,140
Total revenues	11,741	1,060,637	93,587	2,915,140
Expenditures				
Current				
Instruction	-	-	-	-
Instruction-related activities				
Supervision of instruction	-	-	-	-
School site administration	-	-	-	-
Pupil services				
Food services	-	-	-	-
All other pupil services	-	-	-	-
Administration				
All other administration	-	136,881	-	-
Plant services	11,741	-	-	297,996
Ancillary services	-	-	-	-
Other outgo	-	-	-	-
Facility acquisition and construction	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
Total expenditures	11,741	136,881	-	297,996
Excess (Deficiency) of Revenues Over Expenditures	-	923,756	93,587	2,617,144
Other Financing Sources (Uses)				
Transfers in	-	-	-	40,379
Other sources - proceeds from issuance of SBITAs	-	-	-	-
Transfers out	-	-	-	(25,059)
Net Financing Sources (Uses)	-	-	-	15,320
Net Change in Fund Balances	-	923,756	93,587	2,632,464
Fund Balance - Beginning	-	897,284	1,773,185	1,128,767
Fund Balance - Ending	\$ -	\$ 1,821,040	\$ 1,866,772	\$ 3,761,231

San Jacinto Unified School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds
Year Ended June 30, 2024

	Bond Interest and Redemption Fund	CFD Debt Service Fund	COP Debt Service Fund	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 9,666,784
Other State sources	53,748	-	-	3,736,140
Other local sources	8,009,779	4,659,492	1,314,479	21,737,668
Total revenues	8,063,527	4,659,492	1,314,479	35,140,592
Expenditures				
Current				
Instruction	-	-	-	1,394,659
Instruction-related activities				
Supervision of instruction	-	-	-	15,146
School site administration	-	-	-	535,897
Pupil services				
Food services	-	-	-	11,345,046
All other pupil services	-	-	-	156,548
Administration				
All other administration	-	-	-	420,836
Plant services	-	-	-	621,435
Ancillary services	-	-	-	659,960
Other outgo	-	222,264	-	222,264
Facility acquisition and construction	-	-	-	1,954,041
Debt service				
Principal	2,660,000	735,000	1,510,000	4,912,170
Interest and other	3,374,650	2,001,051	1,715,782	7,091,483
Total expenditures	6,034,650	2,958,315	3,225,782	29,329,485
Excess (Deficiency) of Revenues Over Expenditures	2,028,877	1,701,177	(1,911,303)	5,811,107
Other Financing Sources (Uses)				
Transfers in	-	-	1,911,509	2,052,554
Other sources - proceeds from issuance of SBITAs	-	-	-	7,170
Transfers out	-	(1,488,142)	-	(1,513,201)
Net Financing Sources (Uses)	-	(1,488,142)	1,911,509	546,523
Net Change in Fund Balances	2,028,877	213,035	206	6,357,630
Fund Balance - Beginning	8,881,684	13,893,900	1,857	35,199,543
Fund Balance - Ending	\$ 10,910,561	\$ 14,106,935	\$ 2,063	\$ 41,557,173

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, 2024. 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 net position or changes in net position and 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, 2024, the District did not report any commodities inventory.

SEFA Reconciliation

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures Federal Awards. The reconciling amounts consist of Head Start and COVID-19: Child Development: ARP California State Preschool Program One-time Stipend funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. In addition, Emergency Connectivity Fund and Supply Chain Assistance funds have been recorded in the current period as revenues that have not been expended as of June 30, 2024. These unspent balances are reported as legally restricted ending balances within the General Fund.

Description	Federal Financial Assistance Listing	Amount
Total Federal Revenues reported on the financial statements		\$ 30,317,807
Emergency Connectivity Fund	32.009	(278,891)
Supply Chain Assistance Funds	10.555	(287,372)
Head Start	93.600	762
COVID-19: Child Development: ARP California State Preschool Program One-time Stipend	93.575	46,748
Total Federal Financial Assistance		<u>\$ 29,799,054</u>

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 Unaudited Actual Financial Report 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's audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

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 Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Other Information
June 30, 2024

San Jacinto Unified School District

ORGANIZATION

The San Jacinto Unified School District (the District) was unified on March 29, 1944, and consists of an area comprising approximately 100 square miles. The District operates seven elementary schools, three middle schools, one comprehensive high school, one alternative high school, one adult education school, two Head Start preschools (San Jacinto Elem/Hyatt), one delegate State preschool (De Anza), and one direct State preschool (Hyatt World Language Academy). There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Ms. Sandra Penaloza	Board President	2024
Ms. Nalaisha Burnett	Board Vice President	2026
Ms. Jasmin Rubio	Board Clerk	2026
Mr. John I. Norman	Board Member	2024
Mrs. Trica Ojeda	Board Member	2024

ADMINISTRATION

NAME	TITLE
Dr. David Pyle	District Superintendent
Mr. Seth Heeren	Assistant Superintendent of Business Services
Dr. Karen Kirschinger	Assistant Superintendent of Personnel Services
Mr. John Roach	Assistant Superintendent of Educational Services



Independent Auditor's Reports
June 30, 2024

San Jacinto 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
San Jacinto Unified School District
San Jacinto, 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, each major fund, and the aggregate remaining fund information of San Jacinto Unified School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 2, 2024.

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 District'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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 2, 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
San Jacinto Unified School District
San Jacinto, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited San Jacinto 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, 2024. 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, San Jacinto Unified School 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, 2024.

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.

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Rancho Cucamonga, California
December 2, 2024



Independent Auditor's Report on State Compliance and on Internal Control over Compliance

To the Governing Board
San Jacinto Unified School District
San Jacinto, California

Report on Compliance

Opinion on State Compliance

We have audited San Jacinto Unified School District's (the District) compliance with the requirements specified in the *2023-2024 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, 2024.

In our opinion, San Jacinto Unified School 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, 2024.

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 *2023-2024 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.

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 *2023-2024 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 *2023-2024 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 *2023-2024 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:

2023-2024 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

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
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	Yes
Immunizations	Not applicable
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not applicable
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 2, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

San Jacinto 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 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 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:

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
Title I, Part A, Basic Grants Low-Income and Neglected ESSA: School Improvement Funding for LEAs	84.010 84.010
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424
Bipartisan Safer Communities Act-Stronger Connections Grant	84.424
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U
COVID-19: ARP Elementary and Secondary School School Emergency Relief (ESSER) Fund	84.425U
Dollar threshold used to distinguish between type A and type B programs:	\$893,972
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.

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APPENDIX C

ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE CITY OF SAN JACINTO AND RIVERSIDE COUNTY

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

General

The City. The City of San Jacinto, incorporated April 9, 1888, is located in western Riverside County, approximately 80 miles east of Los Angeles, 493 miles south of San Francisco, and 90 miles north of San Diego. San Jacinto is situated 1,546 feet above sea level, and encompasses an area of 26.81 square miles. Average annual rainfall is 13.5 inches per year, with an average 342 days of sunshine each year and average annual temperatures of 80.2 - 45.1 degrees Fahrenheit. The City has six public parks, and San Jacinto is the home of the Valley-Wide Regional Park, a 36-acre park and recreational facility featuring a 22,000-square-foot sports center, lighted tennis courts, ball diamonds, privately operated batting cages, soccer fields, picnic area and play equipment. Area golf enthusiasts can enjoy both private and public courses.

The County. 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 sets forth annual population figures, as of January 1, for the City, the County, and the State, for each of the years listed:

**CITY OF SAN JACINTO, COUNTY OF RIVERSIDE, AND
STATE OF CALIFORNIA
2021 through 2025 Population Estimates**

Year (January 1)	City of San Jacinto	Riverside County	State of California
2021	54,159	2,423,069	39,369,530
2022	54,391	2,435,510	39,179,680
2023	54,800	2,467,690	39,228,444
2024	54,936	2,491,037	39,420,663
2025	54,990	2,495,640	39,529,101

Source: State of California Department of Finance, Demographic Research Unit.

Employment

The District is located in the Riverside-San Bernardino-Ontario Metropolitan Statistical Area (“**MSA**”), which includes the County and San Bernardino County. The unemployment rate in the Riverside-San Bernardino-Ontario MSA was 6.1% in August 2025, down from a revised 6.4% in July 2025, and above the year-ago estimate of 6.0%. This compares with an unadjusted unemployment rate of 5.8% for California and 4.5% for the nation during the same period. The unemployment rate was 6.3% in the County, and 5.9% in San Bernardino County.

The following table summarizes the civilian labor force, employment and unemployment in the MSA for the calendar years 2020 through 2024. These figures are MSA-wide statistics and may not necessarily accurately reflect employment trends in the City.

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN STATISTICAL AREA
(Riverside and San Bernardino Counties)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)
March 2024 Benchmark

	2020	2021	2022	2023	2024
Civilian Labor Force ⁽¹⁾	2,073,400	2,108,400	2,140,500	2,180,300	2,209,100
Employment	1,868,300	1,951,600	2,049,900	2,078,100	2,093,800
Unemployment	205,100	156,700	90,700	102,300	115,300
Unemployment Rate	9.9%	7.4%	4.2%	4.7%	5.2%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	14,100	13,700	13,800	13,200	13,700
Mining and Logging	1,300	1,400	1,500	1,500	1,600
Construction	104,900	110,100	114,700	115,400	116,200
Manufacturing	96,000	96,100	100,000	98,500	95,200
Wholesale Trade	65,600	67,400	69,500	68,900	68,600
Retail Trade	168,800	177,000	181,000	183,000	182,600
Transportation, Warehousing and Utilities	172,500	198,800	214,400	206,000	205,200
Information	12,400	12,500	13,000	13,300	13,000
Finance and Insurance	24,600	24,400	23,800	22,300	21,700
Real Estate and Rental and Leasing	19,500	20,700	22,200	22,700	22,400
Professional and Business Services	152,100	166,600	173,900	164,400	161,800
Educational and Health Services	248,800	254,300	267,900	287,800	306,000
Leisure and Hospitality	141,300	160,200	180,900	187,600	185,300
Other Services	40,200	43,600	47,400	49,400	50,700
Federal Government	22,100	21,100	20,900	21,200	21,500
State Government	31,300	30,400	28,400	28,600	28,000
Local Government	194,600	190,500	200,700	210,400	220,700
Total All Industries ⁽³⁾	1,509,900	1,588,800	1,674,000	1,694,100	1,714,100

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

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

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Major Employers

The following table lists the largest employers within the County, in alphabetical order.

COUNTY OF RIVERSIDE Major Employers (As of October 2025)

Employer Name	Location	Industry
1882 Cantina	Temecula	Foods-Carry Out
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Abbott Vascular Inc	Temecula	Hospital Equipment & Supplies-Mfrs
Agua Caliente Casino Palm Spgs	Palm Springs	Gift Shops
Amazon Fulfillment Ctr	Moreno Valley	Mail Order Fulfillment Service
Citrus Club	La Quinta	Clubs
Coachella Valley Unified SCH	Thermal	School Districts
Collins Aerospace	Riverside	Aircraft Components-Manufacturers
Corona City Hall	Corona	City Hall
Corona Regional Medical Ctr	Corona	Hospitals
Department-Corrections-Rehab	Norco	Government Offices-State
Desert Regional Medical Ctr	Palm Springs	Hospitals
Eisenhower Medical Ctr	Rancho Mirage	Hospitals
Fantasy Springs Resort Casino	Indio	Casinos
Jurupa School District Supt	Riverside	School Districts
KSL Development Corp	La Quinta	Golf Courses
Riverside Community Hospital	Riverside	Hospitals
Riverside County Admin Ctr	Riverside	Government Offices-County
Riverside County Public Health	Riverside	Government Offices-County
Riverside University Health	Moreno Valley	Hospitals
Southwest Healthcare System	Temecula	Health Care Management
Starcrest of California	Perris	Online Retailers & Marketplaces
Starcrest Products	Perris	Online Retailers & Marketplaces
Sun World Intl LLC	Coachella	Fruits & Vegetables-Wholesale
Universal Protection Svc	Palm Desert	Security Control Equip & Systems-Mfrs

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2025 2nd Edition.

Effective Buying Income

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

The following table summarizes the total effective buying income and the median household effective buying income for the City, the County, the State and the United States for the period 2021 through 2025.

**CITY OF SAN JACINTO, COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, AND UNITED STATES
Effective Buying Income
For Calendar Years 2021 through 2025**

<u>Year</u>	<u>Area</u>	<u>Total Effective Buying Income (000's Omitted)</u>	<u>Median Household Effective Buying Income</u>
2021	City of San Jacinto	\$841,204	\$46,056
	Riverside County	60,749,088	60,865
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of San Jacinto	\$997,976	\$54,949
	Riverside County	71,160,968	70,961
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	City of San Jacinto	\$1,132,178	\$58,239
	Riverside County	72,687,953	71,623
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of San Jacinto	\$1,191,626	\$61,865
	Riverside County	76,381,809	75,269
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of San Jacinto	\$1,257,750	\$67,921
	Riverside County	78,899,757	78,652
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data are available is shown in the following table. Total taxable sales during the first two quarters calendar year of 2025 in the City were reported to be \$200,489,985, a 0.87% decrease from the total taxable sales of \$202,250,018 reported during the first two quarters of calendar year 2024.

CITY OF SAN JACINTO
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	542	\$265,208	915	\$296,942
2021	539	329,005	891	366,451
2022	561	375,132	949	412,702
2023	575	367,490	961	404,944
2024	585	374,135	992	408,612

Source: State Department of Tax and Fee Administration.

A summary of historic taxable sales within the County during the past five years in which data are available is shown in the following table. Total taxable sales during the first two quarters calendar year of 2025 in the County were reported to be \$29,391,279,603, a 1.23% decrease from the total taxable sales of \$29,758,363,367 reported during the first two quarters of calendar year 2024.

COUNTY OF RIVERSIDE
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
Calendar Years 2020 through 2024
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2020	43,106	\$30,321,662	69,284	\$42,313,474
2021	39,455	41,330,546	64,335	55,535,196
2022	40,719	45,469,037	66,738	62,117,153
2023	41,857	44,142,609	68,670	61,331,274
2024	42,879	44,014,690	70,577	60,826,953

Source: State Department of Tax and Fee Administration

Agriculture

Agriculture remains a leading source of income in the County. Principal agricultural products are milk, eggs, table grapes, grapefruit, nursery, alfalfa, dates, lemons and avocados. Four areas in the County account for the major portion of agricultural activity: the Riverside/Corona and San Jacinto/Temecula Valley Districts in the western portion of the County, the Coachella Valley in the central portion and the Palo Verde Valley near the County's eastern border.

Transportation

Easy access to job opportunities in the County and nearby Los Angeles, Orange and San Diego Counties is important to the County's employment. Several major freeways and highways provide access between Riverside County and all parts of Southern California. The Riverside Freeway (State Route 91) extends southwest through the City and connects with the Orange County freeway network in Fullerton. Interstate 10 traverses the width of the County, the western-most portion of which links up with major cities and freeways in the eastern part of Los Angeles County and the southern part of San Bernardino County. Interstate 15 and 215 extend north and then east to Las Vegas, and south to San Diego. The Moreno Valley Freeway (U.S. 60) provides an alternate (to Interstate 10) east-west link to Los Angeles County.

Currently, Metrolink provides commuter rail service to Los Angeles and Orange Counties from several stations in the County. Transcontinental passenger rail service is provided by Amtrak with a stop in Cabazon. Freight service to major west coast and national markets is provided by two transcontinental railroads – Burlington Northern/Santa Fe and Union Pacific. Truck service is provided by several common carriers, making available overnight delivery service to major California cities.

Transcontinental bus service is provided by Greyhound Lines. Intercounty, intercity and local bus service is provided by the Riverside Transit Agency to western County cities and communities. The SunLine Transit Agency provides local bus service throughout the Coachella Valley. The City of Banning also operates a local bus system.

The County seat, located in the City of Riverside, is within 20 miles of the Ontario International Airport. This airport is operated by the Los Angeles Department of Airports. Four major airlines schedule commercial flight service at Ontario International Airport. County-operated general aviation airports include those in Thermal, Blythe and French Valley. The cities of Riverside, Corona and Banning also operate general aviation airports. There is a military base at March Air Force Base, which converted from an active-duty base to a reserve-only base on April 1, 1996.

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APPENDIX D
PROPOSED FORMS OF OPINIONS OF BOND COUNSEL
Series 2025 Bonds

[LETTERHEAD OF JONES HALL]

[Closing Date]

Governing Board
San Jacinto Unified School District
2405 South San Jacinto Avenue
San Jacinto, California 92583

OPINION: \$_____ San Jacinto Unified School District
 General Obligation Bonds, Election of 2024, Series 2025

Members of the Board of Trustees:

We have acted as bond counsel to the San Jacinto Unified School District (the "District") in connection with the issuance by the District of the general obligation bonds captioned above, dated _____ (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we deem necessary to render this opinion.

The Bonds are 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, and a resolution adopted by the Board of Trustees of the District (the "Board") on October 9, 2025 (the "Bond Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Bond Resolution, and on the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is duly established and validly existing as a school district with the power to adopt the Bond Resolution, perform the agreements on its part contained therein, and issue the Bonds.
2. The Bond Resolution has been duly adopted by the Board and constitutes a valid and binding obligation of the District, enforceable against the District.

3. The Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District.

4. The county in which the District is located is obligated and authorized under the laws of the State of California to levy ad valorem taxes, without limit as to rate or amount (except with respect to certain personal property which is taxable at limited rates), upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

2025 Refunding Bonds

[LETTERHEAD OF JONES HALL]

[Closing Date]

Governing Board
San Jacinto Unified School District
2405 South San Jacinto Avenue
San Jacinto, California 92583

OPINION: \$_____ San Jacinto Unified School District
 2025 General Obligation Refunding Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the San Jacinto Unified School District (the "District") in connection with the issuance by the District of the general obligation refunding bonds captioned above, dated _____ (the "Bonds"). In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we deem necessary to render this opinion.

The Bonds are issued under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Sections 53550 and 58580 of such Code (the "Act"), and a resolution of the Board of Trustees of the District (the "Board") adopted on October 9, 2025 (the "Bond Resolution").

Regarding questions of fact material to our opinion, we have relied on representations of the District contained in the Bond Resolution, and on the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to adopt the Bond Resolution, perform the agreements on its part contained therein, and issue the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable upon the District.

3. The Bonds have been duly authorized and executed by the District, and are valid and binding general obligations of the District.

4. The county in which the District is located is obligated and authorized under the laws of the State of California to levy ad valorem taxes, without limit as to rate or amount (except

with respect to certain personal property which is taxable at limited rates), upon the taxable property in the District for the payment when due of the principal of and interest on the Bonds.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____ *
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
General Obligation Bonds, Election of 2024,
Series 2025

\$ _____ *
SAN JACINTO UNIFIED SCHOOL DISTRICT
(Riverside County, California)
2025 General Obligation Refunding Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is executed and delivered by the San Jacinto Unified School District (the “**District**”) in connection with the execution and delivery of the above-captioned bonds (the “**Bonds**”). The Bonds are being executed and delivered pursuant to resolutions adopted by the Board of Trustees of the District on October 9, 2025 (the “**Resolutions**”). U.S. Bank Trust Company, National Association, is initially acting as paying agent for the Bonds (the “**Paying Agent**”).

The District hereby 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 S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District.

“*Dissemination Agent*” means, initially, Fieldman, Rolapp & Associates, Inc. dba Applied Best Practices, or any successor Dissemination Agent designated in writing by the District and which has filed with the District and the Paying Agent a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Bonds.

“*Paying Agent*” means U.S. Bank Trust Company, National Association, or any successor thereto.

“*Participating Underwriter*” means the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2026, with the report for the 2024-25 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice to the MSRB in a timely manner, in an electronic format, as prescribed by the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District’s Annual Report shall contain or incorporate 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 4(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be 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; and
- (ii) The District's average daily attendance for the last completed fiscal year;
and
- (iii) The District's outstanding debt; and
- (iv) Information regarding total assessed valuation of taxable properties within the District, if and to the extent provided to the District by the County; and
- (v) Information regarding total secured tax charges and delinquencies on taxable properties within the District, if and to the extent provided to the District by the County; and
- (vi) Information regarding the top twenty local secured taxpayers within the District, if and to the extent provided to the District by the County; and

(c) In addition to any of the information expressly required to be provided under subsections (a) and (b), above, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in light of the circumstances under which they are made, not misleading.

(d) 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 submitted to the MSRB through the EMMA website. If the document included by reference is a final official statement, it must be available from the MSRB. 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 Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.

- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) 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, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the District, if material, 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 security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The 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 the same manner as for a Listed Event under Section 5(b).

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 Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Fieldman, Rolapp & Associates, Inc. dba Applied Best Practices. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

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 Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Resolutions for amendments to the Resolutions with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the 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 of occurrence of a Listed Event, 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 of occurrence of a Listed Event 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.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolutions, 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.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any

information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Bondholders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. 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.

Date: _____, 2025

SAN JACINTO UNIFIED SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to 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 the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or 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 nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. 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, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

**RIVERSIDE COUNTY INVESTMENT POLICY
AND INVESTMENT REPORT**

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COUNTY OF RIVERSIDE

TREASURER-TAX COLLECTOR



INVESTMENT POLICY STATEMENT

FEBRUARY 25, 2025

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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-Tax Collector, 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

02/25/2025

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-, Aa3, AA- Applied to the issuer's senior debt ratings.
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) ,California Asset Management Program (CAMP)	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
Inspere LLC
Moreton Capital
Loop Capital
Great Pacific Securities
MUFG
Piper Sandler & Co.
Ramirez & Co, Inc.
Raymond James & Associates, Inc.
Siebert Williams Shank & Co.
Stifel Nicolas & Co
Southstate|DuncanStoneX Financial Inc
US Bank
PNC Bank National

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.

COUNTY OF RIVERSIDE POOLED INVESTMENT FUND

The County Treasurer maintains one Pooled Investment Fund (the “PIF”) for all local jurisdictions having funds on deposit in the County Treasury. As of September 30, 2025, the portfolio assets comprising the TPIF had a market value of \$ 14,582,395,666.24.

State law requires that all operating money of the County, school districts, and certain special districts be held by the County Treasurer. On June 30, 2024, the Auditor-Controller performed an analysis on the County Treasury, which resulted in the identification and classification of “mandatory” vs. “discretionary” depositors. The County Auditor-Controller reports that collectively, these mandatory deposits constituted approximately 78.06% of the funds on deposit in the County Treasury, while approximately 21.94% of the total funds on deposit in the County Treasury represented discretionary deposits.

While State law permits other governmental jurisdictions to participate in the County’s TPIF, the desire of the County Treasurer is to maintain a stable depositor base for those entities participating in the TPIF.

All purchases of securities for the TPIF are to be made in accordance with the County Treasurer’s 2025 Statement of Investment Policy, which is more restrictive than the investments authorized pursuant to Sections 53601 and 53635 of the California Government Code. The Policy Statement requires that all investment transactions be governed by first giving consideration to the safety and preservation of principal and liquidity sufficient to meet daily cash flow needs prior to achieving a reasonable rate of return on the investment. Investments are not authorized in reverse-repurchase agreements except for an unanticipated and immediate cash flow need that would otherwise cause the Treasurer to sell portfolio securities prior to maturity at a principal loss.

The investments in the Treasurer-Tax Collector’s Pooled Investment Fund as of September 30, 2025 were as follows:

Category	Principal	WAM	YTM
Non-US Gov	169,990,400.00	1.68	4.71
CD	1,270,000,000.00	0.24	4.25
Mutual Fund	133,865,661.30	4.24	4.24
Corporate	486,715,912.43	1.43	4.22
Repo	750,000,000.00	0.00	4.21
CP	2,015,071,961.38	0.22	4.17
MM Fund	197,000,000.00	0.00	4.04
Agency	7,680,474,071.94	2.31	3.86
Muni	102,686,195.00	0.82	3.81
US Gov	1,714,911,210.28	0.74	3.51
Total	14,520,715,412.33	1.48	3.94

*Principal represents original cost value

As of September 30, 2025, the market value of the TPIF was 100.42% of the original cost value. The Treasurer estimates that sufficient liquidity exists within the portfolio to meet daily expenditure needs without requiring any sale of securities at a principal loss prior to their maturity.

In keeping with Sections 53684 and 53844 of the California Government Code, all interest, income, gains and losses on the portfolio are distributed quarterly to participants based upon their average daily balance except for specific investments made on behalf of a particular fund. In these instances, Sections 53844 requires that the investment income be credited to the specific fund in which the investment was made.

The Board has established an "Investment Oversight Committee" in compliance with California Government Code Section 27131. Currently, the Committee is composed of the County Finance Director, the County Treasurer-Tax Collector, the County Superintendent of Schools, a school district representative and a public member at large. The purpose of the committee is to review the prudence of the County's investment policy, portfolio holdings and investment procedures, and to make any findings and recommendations known to the Board. As of September 29, 2004, the State no longer required the County to have a local oversight committee; however, the County has elected to maintain the committee. The committee is utilized by the County to safeguard public funds and to perform other internal control measures.

The County has obtained a rating on the TPIF of "AAAf/S1" rating from Fitch Ratings. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

